
Tolleson Elementary School District No. 17

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



Tolleson Elementary School District No. 17

Tolleson, Arizona

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

Issued by:
Business and Finance Department

Tolleson Elementary School District No. 17

Table of Contents

<u>Introductory Section</u>	<u>Page</u>
Letter of Transmittal	1
ASBO Certificate of Excellence	6
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Principal Officials	9
<u>Financial Section</u>	
Independent Auditor's Report	13
Management's Discussion and Analysis (MD&A)	19
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	32
Statement of Activities	33
Fund Financial Statements:	
Balance Sheet – Governmental Funds	36
Reconciliation of the Balance Sheet –	
Governmental Funds to the Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances – Governmental Funds to the Statement of Activities	42
Statement of Net Position – Proprietary Funds	43
Statement of Revenues, Expenses and Changes in Fund Net Position –	
Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	45
Notes to Financial Statements	46
Required Supplementary Information	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	70
Federal and State Grants Fund	71
Food Service Fund	72
Pension Schedules	74
Notes to Required Supplementary Information	76
Combining and Individual Fund Financial Statements and Schedules	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
All Non-Major Governmental Funds	84

Tolleson Elementary School District No. 17

Table of Contents

<u>Financial Section</u>	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules	
Governmental Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Classroom Site	86
Instructional Improvement	87
Other Special Revenue Funds	88
Debt Service	89
Adjacent Ways	90
Bond Building	91
Other Capital Projects	92
<u>Statistical Section</u>	
Financial Trends:	
Net Position by Component	95
Expenses, Program Revenues, and Net (Expense)/Revenue	96
General Revenues and Total Changes in Net Position	98
Fund Balances – Governmental Funds	100
Governmental Funds Revenues	102
Governmental Funds Expenditures and Debt Service Ratio	104
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	106
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	107
Net Full Cash Assessed Value of Taxable Property by Class	108
Property Tax Assessment Ratios	109
Direct and Overlapping Property Tax Rates	110
Principal Property Taxpayers	111
Property Tax Levies and Collections	112
Debt Capacity:	
Outstanding Debt by Type	113
Direct and Overlapping Governmental Activities Debt	114
Direct and Overlapping General Bonded Debt Ratios	114
Legal Debt Margin Information	115
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	116
Principal Employers	117
Operating Information:	
Full-Time Equivalent District Employees by Type	118
Operating Statistics	120
Capital Assets Information	121

(This page intentionally left blank)

Introductory Section

(This page intentionally left blank)



Tolleson Elementary School District No. 17

9261 W. Van Buren • Tolleson, AZ 85353
(623) 533-3900 • FAX (623) 533-3934

The Governing Board

Anthony J. Aponte
Roberta A. Garcia
Tida M. Garcia
Belinda Quezada
Samuel A. Quezada, Jr.

Superintendent

Dr. Lupita Hightower

March 20, 2024

Citizens and Governing Board
Tolleson Elementary School District No. 17
9261 West Van Buren Street
Tolleson, Arizona 85353

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 Tolleson Elementary School District No. 17 (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 kindergarten through grade 8, with a fiscal year 2022-23 un-weighted average daily membership of 2,594.

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 in accordance with Board established policies. The Board, through its policies also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls. The Board and administration evaluate the effects of the District's policies and revise them as necessary. There were no significant revisions of the District's financial policies that would impact the current period's financial statements.

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

The Tolleson Elementary School District No. 17 is located 14 miles west of downtown Phoenix. The City of Tolleson, a portion of southwest Phoenix and the northeast section of the City of Avondale are included within the area served by the District. The District encompasses an area of approximately 6.25 square miles.

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 overexpenditures 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. The economy of the cities of Tolleson and Avondale and of Maricopa County, in general, is a mixture of farming, commercial enterprises, light manufacturing and food processing. The largest employers represented by major firms in the Tolleson area are Banner Health Systems, Amazon, Intel, Walmart, and Wells Fargo. In recent years, the City of Tolleson has been successful in attracting businesses to locate their warehouse facilities in the City due to the freeway, railroad and airline accessibility. This has been and will continue to be a positive contributing factor to the District's potential economic growth for many years to come.

In addition, the metropolitan area provides excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, and two state universities.

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,226 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Fountain Hills. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. The County's 2022 population was estimated at 4.6 million is still expected to reach 6.0 million by 2030.

Maricopa County continues to have a very wide range of economic sectors supporting its potential growth. Maricopa County has, for some time, enjoyed an unemployment rate that was somewhat lower than the national average.

Service is the largest employment sector in the County, partly fueled by the tourism industry, which as most service industries, have had the most decline during the pandemic. The County still has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category.

Long-term Financial Planning. In November of 2018, the District's voters approved a continuation of a November 2012 seven year \$750,000 per year capital override. The funds will be used to provide 21st Century classroom technology, refurbish schools, and purchase transportation equipment and to provide instructional materials.

In November of 2020 voters renewed a 15% M&O (Maintenance and Operations) override generating over \$2.0 million in additional revenues, and a continuation of that M&O Override was approved by voters in November 2020. The M&O Override helps maintain full day Kindergarten, Art, Technology, Physical Education (PE) and various band classes to include Mariachi, Marching and Concert bands, Latin Jazz and Jazz Music instruction. Additionally, the override allows continuation of support services to include a Social Worker, four Counselors, Alternative Education programs and expanded Athletic programs

In November 2023 the District's voters approved \$30 million in general obligation bonds. The funds will be used for safety, security, site and building improvement. This will include renovations and improvements to existing school facilities, improvement of school grounds, and replacement of equipment. The average age of District school buildings is 19 years.

Awards and Acknowledgments

Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 26th 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 business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,



Dr. Lupita Hightower
Superintendent



Ms. Anita Percell
Executive Director of Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Tolleson Elementary School District 17

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 it.

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 it.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tolleson Elementary School District No. 17
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

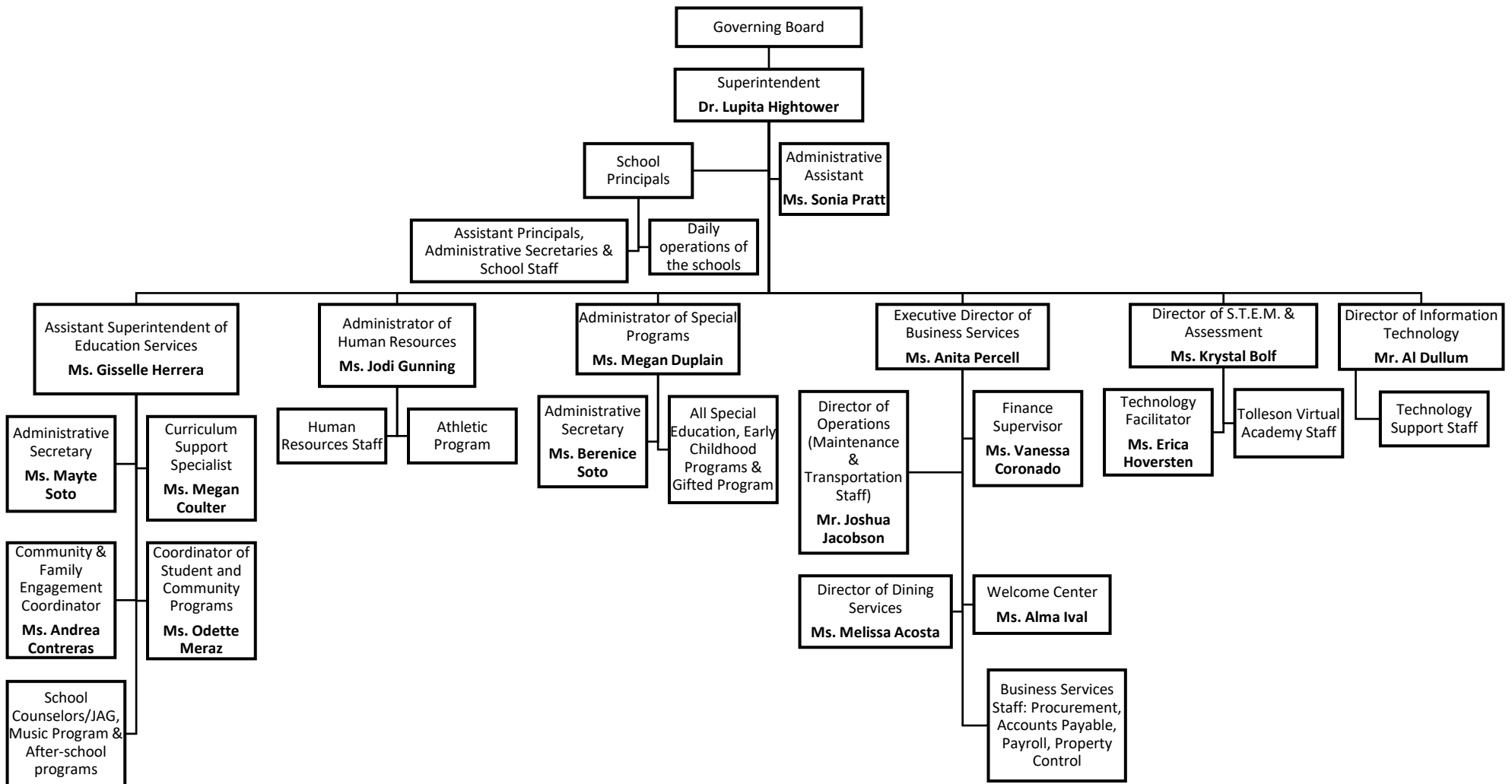
Executive Director/CEO



Tolleson Elementary School District No. 17

2023-24 Organizational Chart

As of July 1, 2023



Tolleson Elementary School District No. 17

List of Principal Officials

(As of June 30, 2023)

Governing Board

Belinda Quezada, President

Tida Garcia, Vice President

Anthony Aponte, Member

Roberta Garcia, Member

Samuel Quezada, Jr., Member

Administrative Staff

Dr. Lupita Hightower, Superintendent

Ms. Megan Duplain, Administrator of Special Programs

Ms. Jodi Gunning, Administrator of Human Resources

Ms. Anita Percell, Executive Director of Business Services

Mrs. Gisselle Herrera, Executive Director of Curriculum & Instruction

Mrs. Krystal Bolf, Director of S.T.E.M. and Assessment

Mr. Al Dillum, Director of Information Technology

(This page intentionally left blank)

Financial Section

(This page intentionally left blank)

Independent Auditor's Report

Governing Board
Tolleson Elementary School District No. 17

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 Tolleson Elementary School District No. 17 (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 Tolleson Elementary School District No. 17, 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 Tolleson Elementary School District No. 17 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 March 20, 2024, on our consideration of Tolleson Elementary School District No. 17'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 Tolleson Elementary School District No. 17'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 Tolleson Elementary School District No. 17's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 20, 2024

(This page intentionally left blank)

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

(This page intentionally left blank)

Tolleson Elementary School District No. 17
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

As management of the Tolleson Elementary School District No. 17 (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 increased \$3.6 million which represents a nine percent increase from the prior fiscal year primarily due to an increase in unrestricted state aid as a result of an increase in the base support level.
- General revenues accounted for \$28.8 million in revenue, or 71 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$11.8 million or 29 percent of total current fiscal year revenues.
- The District had approximately \$37.0 million in expenses related to governmental activities, an increase of seven percent from the prior fiscal year due to spending the remaining COVID-19 related grant monies.
- Among major funds, the General Fund had \$23.2 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$24.8 million in expenditures. The General Fund's fund balance decrease from \$7.1 million at the prior fiscal year end to \$6.3 million at the end of the current fiscal year was primarily due to COVID-19 continuity of operations expenditures being shifted from the Federal and State Grants Fund in the prior year back into the General Fund.
- Net position for the Internal Service Fund decreased \$80,745 from the prior fiscal year. Operating expenses of \$2.3 million exceeded operating revenues of \$2.2 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.

Tolleson Elementary School District No. 17
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

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

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

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

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

Tolleson Elementary School District No. 17
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Federal and State Grants, Food Service, 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 fund. The District maintains one type of proprietary fund. The internal service fund 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 employee benefit fund. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide 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.

**Tolleson Elementary School District No. 17
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 \$43.3 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 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 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	\$ 23,726,806	\$ 28,144,181
Capital assets, net	68,041,312	61,192,029
Total assets	<u>91,768,118</u>	<u>89,336,210</u>
Deferred outflows	<u>3,313,986</u>	<u>4,615,777</u>
Current and other liabilities	4,616,987	2,492,761
Long-term liabilities	45,248,926	44,749,018
Total liabilities	<u>49,865,913</u>	<u>47,241,779</u>
Deferred inflows	<u>1,939,682</u>	<u>7,067,455</u>
Net position:		
Net investment in capital assets	45,232,130	41,701,253
Restricted	10,249,545	11,825,083
Unrestricted	(12,205,166)	(13,883,583)
Total net position	<u>\$ 43,276,509</u>	<u>\$ 39,642,753</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position while unrestricted net position reported a deficit of \$12.2 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.

**Tolleson Elementary School District No. 17
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 results 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.

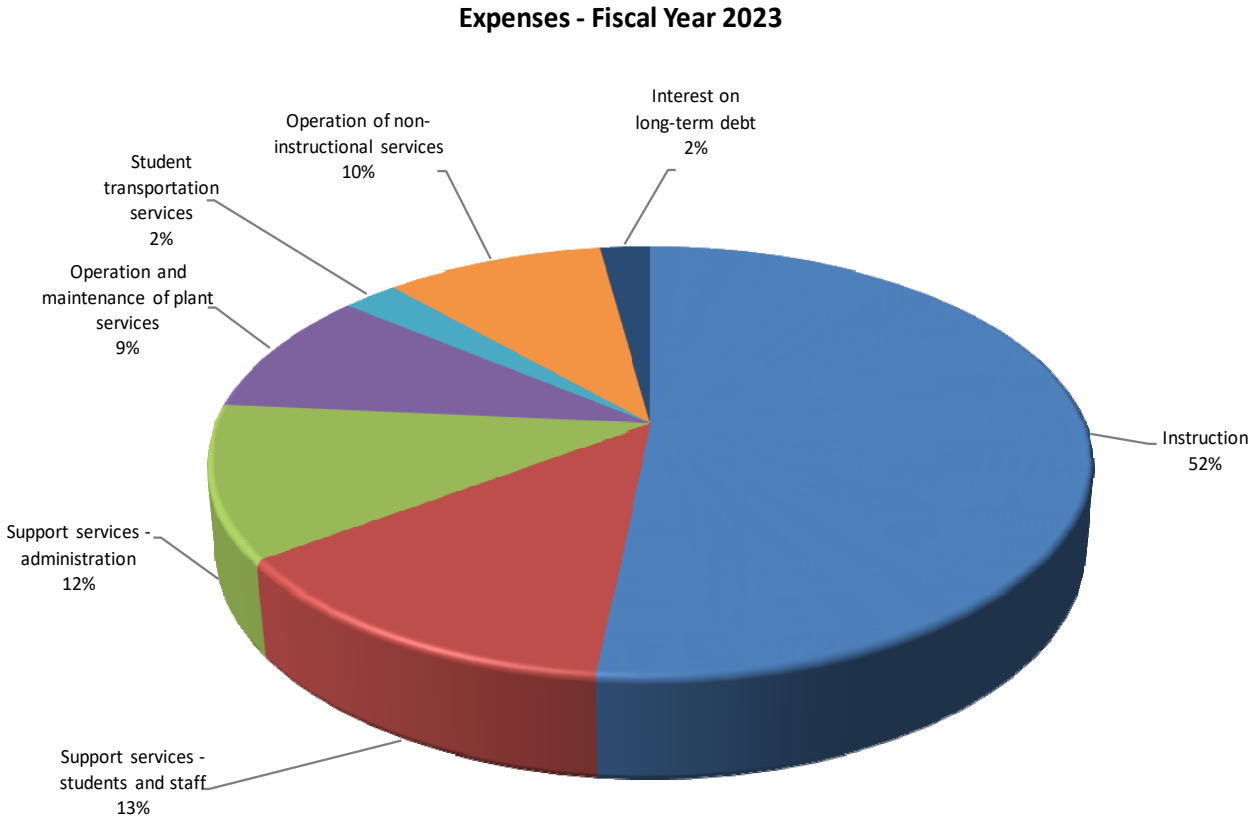
- The increase of \$3.2 million in pension liabilities due to changes in actuarial estimates.
- The addition of \$9.5 million in capital assets through land and school improvements and purchases of vehicles, furniture and equipment.
- The addition of \$2.7 million of accumulated depreciation/amortization.

Changes in net position. The District's total revenues for the current fiscal year were \$40.6 million. The total cost of all programs and services was \$37.0 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.

	<u>Fiscal Year Ended June 30, 2023</u>	<u>Fiscal Year Ended June 30, 2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 478,372	\$ 728,255
Operating grants and contributions	9,830,971	13,694,175
Capital grants and contributions	1,532,251	469,770
General revenues:		
Property taxes	11,099,586	10,793,810
Investment income	318,178	152,902
Unrestricted county aid		1,181,771
Unrestricted state aid	17,068,895	14,209,489
Unrestricted federal aid	298,677	220,827
Total revenues	<u>40,626,930</u>	<u>41,450,999</u>
Expenses:		
Instruction	19,097,475	17,147,694
Support services - students and staff	4,931,892	4,484,920
Support services - administration	4,249,590	3,824,590
Operation and maintenance of plant services	3,497,128	3,404,845
Student transportation services	895,847	900,743
Operation of non-instructional services	3,527,435	3,887,978
Interest on long-term debt	793,807	881,080
Total expenses	<u>36,993,174</u>	<u>34,531,850</u>
Changes in net position	3,633,756	6,919,149
Net position, beginning, as restated	<u>39,642,753</u>	<u>32,723,604</u>
Net position, ending	<u>\$ 43,276,509</u>	<u>\$ 39,642,753</u>

**Tolleson Elementary School District No. 17
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 \$3.9 million in operating grants and contributions is primarily due to a decrease in COVID-19 grant revenues.
- An increase of \$2.9 million in unrestricted state aid primarily due to an increase in the base support level.
- An increase of \$1.9 million in instruction expense due to an increase in teacher salaries and benefit expenses.

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.

Tolleson Elementary School District No. 17
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	\$ 19,097,475	\$ (13,123,066)	\$ 17,147,694	\$ (12,555,413)
Support services - students and staff	4,931,892	(3,254,731)	4,484,920	(2,855,761)
Support services - administration	4,249,590	(3,941,141)	3,824,590	(3,716,602)
Operation and maintenance of plant services	3,497,128	(3,014,477)	3,404,845	(1,554,837)
Student transportation services	895,847	(864,513)	900,743	(862,952)
Operation of non-instructional services	3,527,435	(159,845)	3,887,978	2,786,995
Interest on long-term debt	793,807	(793,807)	881,080	(881,080)
Total	\$ 36,993,174	\$ (25,151,580)	\$ 34,531,850	\$ (19,639,650)

- The cost of all governmental activities this year was \$37.0 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$11.8 million.
- Net cost of governmental activities of \$25.2 million was financed by general revenues, which are made up of primarily property taxes of \$11.1 million and state aid of \$17.1 million.

Financial Analysis of the District's Funds

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$13.1 million, a decrease of \$5.5 million primarily due to spending the District's remaining bond proceeds of \$5.9 million.

Tolleson Elementary School District No. 17
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Financial Analysis of the District's Funds

The General Fund comprises 48 percent of the total fund balance. Approximately \$6.1 million, or 96 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance decreased \$812,707 in the General Fund to \$6.3 million as of fiscal year end. General Fund revenues increased \$4.3 million, or 23 percent due to an increase in state aid and grants as a result of an increase in the base support level. General Fund expenditures increased \$7.1 million, or 40 percent as a result of increases in salaries and benefits expenditures and COVID-19 continuity of operations expenditures being shifted from the Federal and State Grants Fund in the prior year back into the General Fund.

The fund balance of Federal and State Projects increased \$1.3 million primarily due to receiving COVID-19 related grant revenues.

The fund balance of the Food Service Fund decreased \$504,377 primarily due to a \$3.4 million decrease in federal revenues as a result of the expiration of pandemic related funding.

The fund balance of the Debt Service Fund decreased by \$105,968 primarily due to debt service expenditures exceeding current year property tax revenues.

The fund balance of the Bond Building Fund decreased by \$5.9 million primarily due to construction projects related to land and building improvements.

Proprietary Fund. Unrestricted net position of the Internal Service Fund at the end of the fiscal year amounted to \$648,746. The decrease of \$80,745 from the prior fiscal year was primarily due to operating expenses exceeding operating revenues.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$2.2 million increase, or 11 percent, due to an increase in average daily membership. 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 variances are summarized as follows:

- The favorable variance of \$1.2 million in instruction expenditures was due to conservative budgeting for the rise in instructional staff salaries and benefits expenditures resulting from a midyear salary increase.
- The favorable variance of \$371,004 in operation and maintenance of plant services expenditures was due to conservative budgeting for a rise in maintenance repairs and outsourced services expenditures resulting from the supply chain shortage.

**Tolleson Elementary School District No. 17
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2023**

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$96.9 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 \$9.5 primarily due to land and building improvements throughout the District. Total depreciation/amortization expense for the year was \$2.7 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	\$ 7,933,165	\$ 8,153,434
Capital assets - depreciable, net	60,108,147	53,038,595
Total	\$ 68,041,312	\$ 61,192,029

The estimated cost to complete current construction projects is \$94,145.

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

Debt Administration. At year-end, the District had \$22.8 million in long-term debt outstanding, \$2.1 million due within one year. Long-term debt decreased by \$2.6 million due to payment of debt obligations.

The District’s general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$59.2 million and the Class B debt limit is \$39.5 million which are more than the District’s total outstanding general obligation and Class B debt respectively.

Additional information on the District’s long-term debt can be found in Notes 8 through 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 2023-24 budget balance carry forward of \$2.4 million.
- District student population (estimated 2,630).

**Tolleson Elementary School District No. 17
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023**

Economic Factors and Next Year's Budget and Rates

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 4 percent to \$23.9 million in fiscal year 2023-24 due to an increase in average daily membership. 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 Business and Finance Department, Tolleson Elementary School District No. 17, 9261 West Van Buren Street, Tolleson, Arizona 85353.

Basic Financial Statements

(This page intentionally left blank)

Government-Wide Financial Statements

Tolleson Elementary School District No. 17
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 17,035,485
Property taxes receivable	89,716
Due from governmental entities	6,581,262
Inventory	20,343
Total current assets	23,726,806
Noncurrent assets:	
Capital assets not being depreciated	7,933,165
Capital assets, net accumulated depreciation	60,108,147
Total noncurrent assets	68,041,312
Total assets	91,768,118
 Deferred outflows of resources	
Pension plan items	3,313,986
Total deferred outflows of resources	3,313,986
 Liabilities	
Current liabilities:	
Accounts payable	2,018,455
Accrued payroll and employee benefits	663,557
Unearned revenues	1,474,850
Compensated absences payable	100,000
Bonds payable	2,075,000
Accrued interest payable	460,125
Total current liabilities	6,791,987
Noncurrent liabilities:	
Non-current portion of long-term obligations	43,073,926
Total noncurrent liabilities	43,073,926
Total liabilities	49,865,913
 Deferred inflows of resources	
Pension plan items	1,939,682
Total deferred inflows of resources	1,939,682
 Net position	
Net investment in capital assets	45,232,130
Restricted for:	
Instruction	2,924,366
Food service	5,698,774
Non-instructional purposes	688,165
Debt service	172,954
Capital outlay	765,286
Unrestricted	(12,205,166)
Total net position	\$ 43,276,509

Tolleson Elementary School District No. 17
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for	Operating Grants	Capital Grants	Revenue and
					Services
			Contributions	Contributions	Position
					Governmental
					Activities
Governmental activities					
Instruction	\$ 19,097,475	\$ 278,250	\$ 4,163,908	\$ 1,532,251	\$ (13,123,066)
Support services - students and staff	4,931,892		1,677,161		(3,254,731)
Support services - administration	4,249,590		308,449		(3,941,141)
Operation and maintenance of plant services	3,497,128	8,285	474,366		(3,014,477)
Student transportation services	895,847		31,334		(864,513)
Operation of non-instructional services	3,527,435	191,837	3,175,753		(159,845)
Interest on long-term debt	793,807				(793,807)
Total governmental activities	<u>\$ 36,993,174</u>	<u>\$ 478,372</u>	<u>\$ 9,830,971</u>	<u>\$ 1,532,251</u>	<u>(25,151,580)</u>
General revenues					
Property taxes					11,099,586
Investment income					318,178
Unrestricted state aid					17,068,895
Unrestricted federal aid					298,677
Total general revenues					<u>28,785,336</u>
Changes in net position					3,633,756
Net position, beginning of year					<u>39,642,753</u>
Net position, end of year					<u>\$ 43,276,509</u>

(This page intentionally left blank)

Fund Financial Statements

Tolleson Elementary School District No. 17
Balance Sheet
Governmental Funds
June 30, 2023

	Federal and State			
	General	Grants	Food Service	Debt Service
Assets				
Cash and investments	\$ 3,954,944	\$	\$ 5,715,971	\$ 2,685,037
Property taxes receivable	66,674			23,042
Due from governmental entities		6,365,736	81,823	
Due from other funds	3,764,725			
Inventory			20,343	
Total assets	<u>\$ 7,786,343</u>	<u>\$ 6,365,736</u>	<u>\$ 5,818,137</u>	<u>\$ 2,708,079</u>
Liabilities				
Accounts payable	\$ 960,195	\$ 165,944	\$ 113,222	\$
Due to other funds		3,764,725		
Accrued payroll and employee benefits	452,863	182,639	6,141	
Unearned revenues		1,474,850		
Bonds payable				2,075,000
Bond interest payable				460,125
Total liabilities	<u>1,413,058</u>	<u>5,588,158</u>	<u>119,363</u>	<u>2,535,125</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	47,155			16,068
Unavailable revenues - intergovernmental		3,221,747		
Total deferred inflows of resources	<u>47,155</u>	<u>3,221,747</u>		<u>16,068</u>
Fund balances				
Nonspendable			20,343	
Restricted	236,757		5,678,431	156,886
Unassigned	6,089,373	(2,444,169)		
Total fund balances	<u>6,326,130</u>	<u>(2,444,169)</u>	<u>5,698,774</u>	<u>156,886</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,786,343</u>	<u>\$ 6,365,736</u>	<u>\$ 5,818,137</u>	<u>\$ 2,708,079</u>

Bond Building	Non-Major Governmental Funds	Total Governmental Funds
\$ 116,148	\$ 3,260,830	\$ 15,732,930
		89,716
	133,703	6,581,262
		3,764,725
		20,343
<u>\$ 116,148</u>	<u>\$ 3,394,533</u>	<u>\$ 26,188,976</u>
\$ 116,148	\$ 9,137	\$ 1,364,646
		3,764,725
	21,914	663,557
		1,474,850
		2,075,000
		460,125
<u>116,148</u>	<u>31,051</u>	<u>9,802,903</u>
		63,223
		3,221,747
		3,284,970
		20,343
	3,363,482	9,435,556
		3,645,204
	<u>3,363,482</u>	<u>13,101,103</u>
<u>\$ 116,148</u>	<u>\$ 3,394,533</u>	<u>\$ 26,188,976</u>

(This page intentionally left blank)

Tolleson Elementary School District No. 17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds **\$ 13,101,103**

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	\$ 96,858,125	
Less accumulated depreciation/amortization	<u>(28,816,813)</u>	
		68,041,312

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

Property taxes	63,223	
Intergovernmental	<u>3,221,747</u>	
		3,284,970

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	3,313,986	
Deferred inflows of resources related to pensions	<u>(1,939,682)</u>	
		1,374,304

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

648,746

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

Compensated absences payable	(665,901)	
Bonds payable	(20,734,182)	
Net pension liability	<u>(21,773,843)</u>	
		<u>(43,173,926)</u>

Net position of governmental activities **\$ 43,276,509**

Tolleson Elementary School District No. 17
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Federal and State			
	General	Grants	Food Service	Debt Service
Revenues				
Other local	\$ 113,693	\$ 7,170	\$ 320,239	\$ 5,704
Property taxes	8,033,899			2,804,237
State aid and grants	14,766,203	788,543		
Federal aid, grants and reimbursements	<u>298,677</u>	<u>8,283,600</u>	<u>3,175,753</u>	
Total revenues	<u>23,212,472</u>	<u>9,079,313</u>	<u>3,495,992</u>	<u>2,809,941</u>
Expenditures				
Current:				
Instruction	11,671,532	3,702,625		
Support services - students and staff	3,245,762	1,575,133		
Support services - administration	3,505,826	289,685		
Operation and maintenance of plant services	2,562,033	399,857	19,923	
Student transportation services	602,760	29,428		
Operation of non-instructional services	68,734		3,387,539	
Capital outlay	2,540,427	1,532,251	22,015	
Debt service:				
Principal retirement	621,899			2,075,000
Interest and fiscal charges	<u>16,853</u>			<u>922,950</u>
Total expenditures	<u>24,835,826</u>	<u>7,528,979</u>	<u>3,429,477</u>	<u>2,997,950</u>
Excess (deficiency) of revenues over expenditures	<u>(1,623,354)</u>	<u>1,550,334</u>	<u>66,515</u>	<u>(188,009)</u>
Other financing sources (uses)				
Transfers in	810,647			82,041
Transfers out		<u>(239,755)</u>	<u>(570,892)</u>	
Total other financing sources (uses)	<u>810,647</u>	<u>(239,755)</u>	<u>(570,892)</u>	<u>82,041</u>
Changes in fund balances	<u>(812,707)</u>	<u>1,310,579</u>	<u>(504,377)</u>	<u>(105,968)</u>
Fund balances, beginning of year	<u>7,138,837</u>	<u>(3,754,748)</u>	<u>6,203,151</u>	<u>262,854</u>
Fund balances, end of year	<u>\$ 6,326,130</u>	<u>\$ (2,444,169)</u>	<u>\$ 5,698,774</u>	<u>\$ 156,886</u>

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 82,041	\$ 475,960	\$ 1,004,807
	350,000	11,188,136
	2,302,692	17,857,438
		<u>11,758,030</u>
<u>82,041</u>	<u>3,128,652</u>	<u>41,808,411</u>
	1,981,138	17,355,295
	156,805	4,977,700
	16,343	3,811,854
	13,432	2,995,245
	2,486	634,674
		3,456,273
5,936,301	400,859	10,431,853
		2,696,899
		<u>939,803</u>
<u>5,936,301</u>	<u>2,571,063</u>	<u>47,299,596</u>
<u>(5,854,260)</u>	<u>557,589</u>	<u>(5,491,185)</u>
		892,688
<u>(82,041)</u>		<u>(892,688)</u>
<u>(82,041)</u>		
<u>(5,936,301)</u>	<u>557,589</u>	<u>(5,491,185)</u>
<u>5,936,301</u>	<u>2,805,893</u>	<u>18,592,288</u>
<u>\$</u>	<u>\$ 3,363,482</u>	<u>\$ 13,101,103</u>

Tolleson Elementary School District No. 17
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 **\$ (5,491,185)**

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	\$ 9,507,193	
Less current year depreciation/amortization	<u>(2,657,910)</u>	
		6,849,283

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

Property taxes	(88,550)	
Intergovernmental	<u>(1,106,121)</u>	
		(1,194,671)

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.

Lease principal retirement	621,899	
Bond principal retirement	<u>2,075,000</u>	
		2,696,899

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	2,047,782	
Pension expense	<u>(1,416,311)</u>	
		631,471

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.

Amortization of deferred bond items	145,996	
Compensated absences	<u>76,708</u>	
		222,704

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

(80,745)

Changes in net position in governmental activities **\$ 3,633,756**

Tolleson Elementary School District No. 17
Statement of Net Position
Proprietary Fund
June 30, 2023

	Governmental Activities Internal Service Fund
Assets	
Current assets:	
Cash and investments	\$ 1,302,555
Total current assets	1,302,555
Total assets	1,302,555
Liabilities	
Current liabilities:	
Accounts payable	653,809
Total current liabilities	653,809
Total liabilities	653,809
Net position	
Unrestricted	648,746
Total net position	\$ 648,746

Tolleson Elementary School District No. 17
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Governmental Activities
	Internal Service Fund
Operating revenues	
Contributions	\$ 2,229,927
Total operating revenues	2,229,927
Operating expenses	
Premiums	2,323,862
Total operating expenses	2,323,862
Operating income (loss)	(93,935)
Nonoperating revenues (expenses)	
Investment income	13,190
Total nonoperating revenue (expenses)	13,190
Changes in net position	(80,745)
Total net position, beginning of year	729,491
Total net position, end of year	\$ 648,746

Tolleson Elementary School District No. 17
Statement of Cash Flows
Proprietary Fund
June 30, 2023

	Governmental Activities Internal Service Fund
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from contributions	\$ 2,229,927
Cash payments to suppliers for goods and services	(1,380,489)
Net cash provided by/used for operating activities	849,438
Cash flows from investing activities	
Investment income	13,190
Net cash provided by/used for investing activities	13,190
Net increase/decrease in cash and cash equivalents	862,628
Cash and cash equivalents, beginning of year	439,927
Cash and cash equivalents, end of year	\$ 1,302,555
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ (93,935)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in prepaid items	289,564
Increase/decrease in accounts payable	653,809
Total adjustments	943,373
Net cash provided by/used for operating activities	\$ 849,438

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Tolleson Elementary School District No. 17 (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.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District.

Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities 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 state and federal aid, and other items not included among program revenues are reported instead as general revenues.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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.

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, federal and state aid, 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.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

Food Service Fund – The Food Service Fund accounts 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.

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 Fund – The Proprietary Fund is an internal service fund that accounts for activities related to the District’s insurance program.

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.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

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 and investments held by the County Treasurer.

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

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

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

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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.

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 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 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.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

H. Inventory

All inventories are valued at cost using the average cost 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.

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 – 60 years
Buildings and improvements	5 – 100 years
Vehicles, furniture and equipment	5 – 25 years
Intangible right-to-use assets	4 years

Tolleson Elementary School District No. 17
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. Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of \$50,000 or more. The District uses the interest rate implicit in the leases.

N. 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.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

O. Long-term Obligations

In the government-wide 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.

P. 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.

Q. 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.

R. 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.

Tolleson Elementary School District No. 17
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 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 the Executive Director of Business Services, who has been delegated that authority by formal Governing Board action. 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.

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.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications

The table below provides detail of the major components of the District’s fund balance classifications at year end. Voter approved initiatives include monies restricted in the Classroom Site and Instructional Improvement Funds.

	General	Federal and State Projects	Food Service	Debt Service	Bond Building	Non-Major Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	\$	\$	\$ 20,343	\$	\$	\$
Restricted:						
Debt service				156,886		
Capital projects	1,172,103					528,529
Voter approved initiatives						1,690,648
Federal and state projects		(2,444,169)				
Food service			5,678,431			
Civic center						56,922
Community schools						626,911
Extracurricular activities						95,469
Gifts and donations						312,460
Student activities						24,469
Other purposes						28,074
Unassigned	5,154,027					
Total fund balances	<u>\$ 6,326,130</u>	<u>\$ (2,444,169)</u>	<u>\$ 5,698,774</u>	<u>\$ 156,886</u>	<u>\$</u>	<u>\$ 3,363,482</u>

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balances – At year end, the Federal and State Grants Fund, a major governmental fund, reported a deficit in fund balance of \$2,444,169.

The deficit arose because of pending grant reimbursements. Additional revenues received in fiscal year 2023-24 are expected to eliminate the deficit.

Excess Expenditures Over Budget – At year end, the District had expenditures in a fund that exceeded the budget, however, this does not constitute a violation of any legal provisions.

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$378,792 and the bank balance was \$457,827. At year end, \$207,827 of the District’s deposits were covered by collateral held by the pledging financial institution’s trust department or agent but not in the District’s name.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 4 – 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

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

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

	Average	Fair Value
County Treasurer’s investment pool	469 days	\$ 16,656,693

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

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

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

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 5 – Receivables

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

	Federal and State Grants	Food Service	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$ 6,334,728	\$ 81,823	\$
Due from state government	31,008		133,703
Net due from governmental entities	\$ 6,365,736	\$ 81,823	\$ 133,703

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	\$ 7,870,817	\$	\$	\$ 7,870,817
Construction in progress	282,617	1,121,563	1,341,832	62,348
Total capital assets, not being depreciated	8,153,434	1,121,563	1,341,832	7,933,165
Capital assets, being depreciated:				
Land improvements	5,747,901	4,107,487		9,855,388
Buildings and improvements	66,666,681	5,264,378		71,931,059
Vehicles, furniture and equipment	3,911,132	355,597		4,266,729
Total capital assets being depreciated	76,325,714	9,727,462		86,053,176
Less accumulated depreciation for:				
Land improvements	(2,554,977)	(278,699)		(2,833,676)
Buildings and improvements	(18,962,313)	(1,394,436)		(20,356,749)
Vehicles, furniture and equipment	(2,461,811)	(292,793)		(2,754,604)
Total accumulated depreciation	(23,979,101)	(1,965,928)		(25,945,029)
Total capital assets, being depreciated, net	52,346,613	7,761,534		60,108,147
Intangible right-to-use assets:				
Leased vehicles, furniture and equipment	2,871,784			2,871,784
Less accumulated amortization	(2,179,802)	(691,982)		(2,871,784)
Total intangible right-to-use assets, net	691,982	(691,982)		
Governmental activities capital assets, net	\$ 61,192,029	\$ 8,191,115	\$ 1,341,832	\$ 68,041,312

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 6 – Capital Assets

Depreciation and amortization expense were charged to governmental functions as follows:

Instruction	\$	1,627,922
Support services – students and staff		40,763
Support services – administration		370,676
Operation and maintenance of plant services		479,458
Student transportation services		93,542
Operation of non-instructional services		45,549
Total depreciation expense – governmental activities	\$	2,657,910

Construction Commitments – At year end, the District had contractual commitments related to capital projects for school campus renovations. At year end, the District had spent \$62,348 on the projects and had estimated remaining contractual commitments of \$94,145. These projects are being funded by the General Fund.

Note 7 – Short Term Debt – Revolving Line of Credit

The District has a \$2.0 million 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 \$2.0 million in unused line of credit.

Note 8 – Leases Payable

The District has acquired technology equipment under the provisions of contracts classified as leases. The related obligations under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund were used to pay the lease obligations. Amortization of right-to-use assets recorded under leases is included with depreciation expense.

The right-to-use assets recorded under leases that meet the District’s capitalization threshold are as follows:

		<u>Governmental</u>
		<u>Activities</u>
Asset:		
Vehicles, furniture and equipment	\$	2,871,784
Less: Accumulated amortization		2,871,784
Total	\$	

Tolleson Elementary School District No. 17
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 total amount originally authorized has been issued. 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 \$59.2 million and the available margin is \$37.4 million.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2023	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2017, Series A (2018)	\$ 14,200,000	2.50-5.00%	7/1/23-37	\$ 12,475,000	\$ 1,200,000
School Improvement Bonds, Project of 2017, Series B (2019)	7,970,000	5.00%	7/1/23-28	7,280,000	725,000
Refunding Bonds, Series 2019	2,990,000	4.00-5.00%	7/1/23-28	<u>1,100,000</u>	<u>150,000</u>
Total				<u>\$ 20,855,000</u>	<u>\$ 2,075,000</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	\$ 2,075,000	\$ 883,375
2025	2,300,000	790,750
2026	450,000	723,750
2027	405,000	703,375
2028	425,000	683,625
2029-33	6,425,000	2,667,625
2034-38	8,025,000	1,040,875
2039-40	<u>750,000</u>	<u>30,000</u>
Total	<u>\$ 20,855,000</u>	<u>\$ 7,523,375</u>

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

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	\$ 22,705,000	\$	\$ 1,850,000	\$ 20,855,000	\$ 2,075,000
Premium	2,100,178		145,996	1,954,182	
Total bonds payable	<u>24,805,178</u>		<u>1,995,996</u>	<u>22,809,182</u>	<u>2,075,000</u>
Leases payable	621,899		621,899		
Net pension liability	18,579,332	3,194,511		21,773,843	
Compensated absences payable	742,609	304,043	380,751	665,901	100,000
Total long-term liabilities	<u>\$ 44,749,018</u>	<u>\$ 3,498,554</u>	<u>\$ 2,998,646</u>	<u>\$ 45,248,926</u>	<u>\$ 2,175,000</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 Federal and State Grants Fund had a negative cash balance in the Treasurer's pooled cash accounts in the amount of \$3.8 million. 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.

Interfund transfers:

Transfers out	Transfers in		
	General	Debt Service	Total
Federal and State Grants	\$ 239,755	\$	\$ 239,755
Food Service	570,892		570,892
Bond Building		82,041	82,041
Total	<u>\$ 810,647</u>	<u>\$ 82,041</u>	<u>\$ 892,688</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 and (2) to move federal grant funds restricted for indirect costs.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

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.

Note 13 – 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 was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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

The District's employees have health and accident insurance coverage with the Valley Schools Employee Benefit Trust (VSEBT). VSEBT 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 a monthly premium to VSEBT for employees' health and accident insurance coverage. The agreement provides that VSEBT will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 14 – 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.

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 14 – 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 \$2,047,782.

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)
\$ 21,773,843	0.133	(0.008)

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 14 – Pensions

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 \$ 1,416,311.

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	\$ 185,526	\$
Changes of assumptions or other inputs	1,080,678	
Net difference between projected and actual earnings on pension investments		573,544
Changes in proportion and differences between contributions and proportionate share of contributions		1,366,138
Contributions subsequent to the measurement date	2,047,782	
Total	\$ 3,313,986	\$ 1,939,682

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	\$ 48,154
2025	(643,809)
2026	(995,807)
2027	917,984

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 14 – Pensions

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

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%	

Tolleson Elementary School District No. 17
Notes to Financial Statements
June 30, 2023

Note 14 – Pensions

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.

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	\$ 32,126,658	\$ 21,773,843	\$ 13,141,213

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 15 – Subsequent Event

On March 6, 2024, the Governing Board approved the sale of School Improvement Bonds in the amount of \$20 million. The sale is expected to occur in the spring of 2024.

(This page intentionally left blank)

Required Supplementary Information

Tolleson Elementary School District No. 17
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	\$ 79,588	\$ 79,588	\$ 108,217	\$ 28,629
Property taxes	4,869,589	4,869,589	6,621,232	1,751,643
State aid and grants	10,125,198	10,125,198	13,767,339	3,642,141
Total revenues	<u>15,074,375</u>	<u>15,074,375</u>	<u>20,496,788</u>	<u>5,422,413</u>
Expenditures				
Current:				
Instruction	12,779,386	12,769,417	11,523,610	1,245,807
Support services - students and staff	2,776,721	3,090,281	3,055,262	35,019
Support services - administration	2,670,736	3,207,018	3,011,552	195,466
Operation and maintenance of plant services	1,898,281	3,165,901	2,794,897	371,004
Student transportation services	508,651	583,876	601,908	(18,032)
Operation of non-instructional services	85,000	85,000	60,691	24,309
Total expenditures	<u>20,718,775</u>	<u>22,901,493</u>	<u>21,047,920</u>	<u>1,853,573</u>
Excess (deficiency) of revenues over expenditures	<u>(5,644,400)</u>	<u>(7,827,118)</u>	<u>(551,132)</u>	<u>7,275,986</u>
Changes in fund balances	<u>(5,644,400)</u>	<u>(7,827,118)</u>	<u>(551,132)</u>	<u>7,275,986</u>
Fund balances, beginning of year	<u> </u>	<u> </u>	<u>3,644,302</u>	<u>3,644,302</u>
Fund balances, end of year	<u>\$ (5,644,400)</u>	<u>\$ (7,827,118)</u>	<u>\$ 3,093,170</u>	<u>\$ 10,920,288</u>

Tolleson Elementary School District No. 17
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 Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 7,170	\$ 7,170
State aid and grants	757,955	788,543	30,588
Federal aid, grants and reimbursements	<u>7,802,803</u>	<u>8,283,600</u>	<u>480,797</u>
Total revenues	<u>8,560,758</u>	<u>9,079,313</u>	<u>518,555</u>
Expenditures			
Current:			
Instruction	5,286,850	3,702,625	1,584,225
Support services - students and staff	2,249,078	1,575,133	673,945
Support services - administration	413,631	289,685	123,946
Operation and maintenance of plant services	570,942	399,857	171,085
Student transportation services	42,019	29,428	12,591
Capital outlay	<u>2,187,848</u>	<u>1,532,251</u>	<u>655,597</u>
Total expenditures	<u>10,750,369</u>	<u>7,528,979</u>	<u>3,221,390</u>
Excess (deficiency) of revenues over expenditures	<u>(2,189,611)</u>	<u>1,550,334</u>	<u>3,739,945</u>
Other financing sources (uses)			
Transfers out	<u></u>	<u>(239,755)</u>	<u>(239,755)</u>
Total other financing sources (uses)	<u></u>	<u>(239,755)</u>	<u>(239,755)</u>
Changes in fund balances	<u>(2,189,611)</u>	<u>1,310,579</u>	<u>3,500,190</u>
Fund balances, beginning of year	<u></u>	<u>(3,754,748)</u>	<u>(3,754,748)</u>
Fund balances, end of year	<u>\$ (2,189,611)</u>	<u>\$ (2,444,169)</u>	<u>\$ (254,558)</u>

Tolleson Elementary School District No. 17
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$ 544,216	\$ 320,239	\$ (223,977)
Federal aid, grants and reimbursements	<u>5,396,893</u>	<u>3,175,753</u>	<u>(2,221,140)</u>
Total revenues	<u>5,941,109</u>	<u>3,495,992</u>	<u>(2,445,117)</u>
Expenditures			
Current:			
Operation and maintenance of plant services	48,113	19,923	28,190
Operation of non-instructional services	8,180,722	3,387,539	4,793,183
Capital outlay	<u>53,165</u>	<u>22,015</u>	<u>31,150</u>
Total expenditures	<u>8,282,000</u>	<u>3,429,477</u>	<u>4,852,523</u>
Excess (deficiency) of revenues over expenditures	<u>(2,340,891)</u>	<u>66,515</u>	<u>2,407,406</u>
Other financing sources (uses)			
Transfers out	<u> </u>	<u>(570,892)</u>	<u>(570,892)</u>
Total other financing sources (uses)	<u> </u>	<u>(570,892)</u>	<u>(570,892)</u>
Changes in fund balances	<u>(2,340,891)</u>	<u>(504,377)</u>	<u>1,836,514</u>
Fund balances, beginning of year	<u> </u>	<u>6,203,151</u>	<u>6,203,151</u>
Fund balances, end of year	<u>\$ (2,340,891)</u>	<u>\$ 5,698,774</u>	<u>\$ 8,039,665</u>

(This page intentionally left blank)

TOLLESON ELEMENTARY SCHOOL DISTRICT NO. 17
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	0.13%	0.14%	0.15%	0.15%
District's proportionate share of the net pension (assets) liability	\$ 21,773,843	\$ 18,579,332	\$ 26,506,110	\$ 22,266,190
District's covered payroll	\$ 15,939,242	\$ 15,869,777	\$ 16,694,707	\$ 16,120,832
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	136.61%	117.07%	158.77%	138.12%
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	\$ 2,047,782	\$ 1,914,303	\$ 1,848,829	\$ 1,911,544
Contributions in relation to the actuarially determined contribution	<u>2,047,782</u>	<u>1,914,303</u>	<u>1,848,829</u>	<u>1,911,544</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 17,179,379	\$ 15,939,242	\$ 15,869,777	\$ 16,694,707
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.

See accompanying notes to this schedule.

<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
0.15%	0.15%	0.13%	0.13%	0.12%
\$ 21,193,072	\$ 22,938,680	\$ 21,788,742	\$ 20,509,487	\$ 18,454,704
\$ 15,113,046	\$ 14,340,807	\$ 12,488,728	\$ 11,798,310	\$ 10,953,271
140.23%	159.95%	174.47%	173.83%	168.49%
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>
\$ 1,802,309	\$ 1,647,322	\$ 1,545,939	\$ 1,355,027	\$ 1,284,832
<u>1,802,309</u>	<u>1,647,322</u>	<u>1,545,939</u>	<u>1,355,027</u>	<u>1,284,832</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 16,120,832	\$ 15,113,046	\$ 14,340,807	\$ 12,488,728	\$ 11,798,310
11.18%	10.90%	10.78%	10.85%	10.89%

Tolleson Elementary School District No. 17
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 item.

- 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.

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

	<u>Total</u>	<u>Fund</u> <u>Balances</u>
	<u>Expenditures</u>	<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances - Governmental Funds	\$ 24,835,826	\$ 6,326,130
Activity budgeted as special revenue funds	(892,854)	(1,803,102)
Activity budgeted as capital projects funds	(3,152,807)	(1,172,103)
Current-year prepaid items	<u>257,755</u>	<u>(257,755)</u>
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 21,047,920</u>	<u>\$ 3,093,170</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**

(This page intentionally left blank)

Governmental Funds

(This page intentionally left blank)

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.

Other Special Revenue Funds – to account for the revenues and expenditures of other special revenue activities, including the following: civic center, community school, extracurricular activities fees tax credit, insurance proceeds, fingerprinting, textbooks, litigation recovery, grants and gifts to teachers, and student activities.

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: school plant and building renewal grant.

Tolleson Elementary School District No. 17
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	Classroom Site	Instructional Improvement	Other Special Revenue
Assets			
Cash and investments	\$ 1,306,977	\$ 265,086	\$ 1,160,238
Due from governmental entities		133,703	
Total assets	<u>\$ 1,306,977</u>	<u>\$ 398,789</u>	<u>\$ 1,160,238</u>
Liabilities			
Accounts payable	\$	\$ 3,208	\$ 5,929
Accrued payroll and employee benefits		11,910	10,004
Total liabilities		<u>15,118</u>	<u>15,933</u>
Fund balances			
Restricted	<u>1,306,977</u>	<u>383,671</u>	<u>1,144,305</u>
Total fund balances	<u>1,306,977</u>	<u>383,671</u>	<u>1,144,305</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,306,977</u>	<u>\$ 398,789</u>	<u>\$ 1,160,238</u>

Capital Projects Funds

Adjacent Ways	Other Capital Projects	Total Non-Major Governmental Funds
\$ 441,654	\$ 86,875	\$ 3,260,830
		133,703
<u>\$ 441,654</u>	<u>\$ 86,875</u>	<u>\$ 3,394,533</u>
		\$ 9,137
		21,914
		<u>31,051</u>
<u>441,654</u>	<u>86,875</u>	<u>3,363,482</u>
<u>441,654</u>	<u>86,875</u>	<u>3,363,482</u>
<u>\$ 441,654</u>	<u>\$ 86,875</u>	<u>\$ 3,394,533</u>

Tolleson Elementary School District No. 17
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		
	Classroom Site	Instructional Improvement	Other Special Revenue
Revenues			
Other local	\$ 20,556	\$ 2,067	\$ 445,831
Property taxes			
State aid and grants	<u>2,120,435</u>	<u>182,257</u>	
Total revenues	<u>2,140,991</u>	<u>184,324</u>	<u>445,831</u>
Expenditures			
Current:			
Instruction	1,857,115	10,508	113,515
Support services - students and staff	62,501	53,249	41,055
Support services - administration		6,787	9,556
Operation and maintenance of plant services		730	12,702
Student transportation services			2,486
Capital outlay			
Total expenditures	<u>1,919,616</u>	<u>71,274</u>	<u>179,314</u>
Excess (deficiency) of revenues over expenditures	<u>221,375</u>	<u>113,050</u>	<u>266,517</u>
Changes in fund balances	<u>221,375</u>	<u>113,050</u>	<u>266,517</u>
Fund balances, beginning of year	<u>1,085,602</u>	<u>270,621</u>	<u>877,788</u>
Fund balances, end of year	<u><u>\$ 1,306,977</u></u>	<u><u>\$ 383,671</u></u>	<u><u>\$ 1,144,305</u></u>

<u>Capital Projects Funds</u>		Total Non-Major
Adjacent Ways	Other Capital Projects	Governmental Funds
\$ 1,216	\$ 6,290	\$ 475,960
350,000		350,000
		<u>2,302,692</u>
<u>351,216</u>	<u>6,290</u>	<u>3,128,652</u>
		1,981,138
		156,805
		16,343
		13,432
		2,486
<u>351,630</u>	<u>49,229</u>	<u>400,859</u>
<u>351,630</u>	<u>49,229</u>	<u>2,571,063</u>
<u>(414)</u>	<u>(42,939)</u>	<u>557,589</u>
<u>(414)</u>	<u>(42,939)</u>	<u>557,589</u>
<u>442,068</u>	<u>129,814</u>	<u>2,805,893</u>
<u>\$ 441,654</u>	<u>\$ 86,875</u>	<u>\$ 3,363,482</u>

Tolleson Elementary School District No. 17
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
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	\$ 19,557	\$ 19,557	\$ 20,556	\$ 999
State aid and grants	2,017,406	2,017,406	2,120,435	103,029
Total revenues	<u>2,036,963</u>	<u>2,036,963</u>	<u>2,140,991</u>	<u>104,028</u>
Expenditures				
Current:				
Instruction	1,740,488	1,737,997	1,857,115	(119,118)
Support services - students and staff	1,466,355	1,466,849	62,501	1,404,348
Total expenditures	<u>3,206,843</u>	<u>3,204,846</u>	<u>1,919,616</u>	<u>1,285,230</u>
Changes in fund balances	<u>(1,169,880)</u>	<u>(1,167,883)</u>	<u>221,375</u>	<u>1,389,258</u>
Fund balances, beginning of year	<u> </u>	<u> </u>	<u>1,085,602</u>	<u>1,085,602</u>
Fund balances, end of year	<u>\$ (1,169,880)</u>	<u>\$ (1,167,883)</u>	<u>\$ 1,306,977</u>	<u>\$ 2,474,860</u>

Tolleson Elementary School District No. 17
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	\$ 854	\$ 854	\$ 2,067	\$ 1,213
State aid and grants	75,261	75,261	182,257	106,996
Total revenues	<u>76,115</u>	<u>76,115</u>	<u>184,324</u>	<u>108,209</u>
Expenditures				
Current:				
Instruction	25,800	14,448	10,508	3,940
Support services - students and staff	130,743	73,216	53,249	19,967
Support services - administration	16,664	9,332	6,787	2,545
Operation and maintenance of plant services	1,792	1,004	730	274
Total expenditures	<u>175,000</u>	<u>98,000</u>	<u>71,274</u>	<u>26,726</u>
Changes in fund balances	<u>(98,885)</u>	<u>(21,885)</u>	<u>113,050</u>	<u>134,935</u>
Fund balances, beginning of year	<u> </u>	<u> </u>	<u>270,621</u>	<u>270,621</u>
Fund balances, end of year	<u>\$ (98,885)</u>	<u>\$ (21,885)</u>	<u>\$ 383,671</u>	<u>\$ 405,556</u>

Tolleson Elementary School District No. 17
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>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$ 552,833	\$ 445,831	\$ (107,002)
Total revenues	<u>552,833</u>	<u>445,831</u>	<u>(107,002)</u>
Expenditures			
Current:			
Instruction	556,837	113,515	443,322
Support services - students and staff	201,391	41,055	160,336
Support services - administration	46,876	9,556	37,320
Operation and maintenance of plant services	62,308	12,702	49,606
Student transportation services	12,195	2,486	9,709
Total expenditures	<u>879,607</u>	<u>179,314</u>	<u>700,293</u>
Changes in fund balances	<u>(326,774)</u>	<u>266,517</u>	<u>593,291</u>
Fund balances, beginning of year	<u> </u>	<u>877,788</u>	<u>877,788</u>
Fund balances, end of year	<u>\$ (326,774)</u>	<u>\$ 1,144,305</u>	<u>\$ 1,471,079</u>

Tolleson Elementary School District No. 17
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$ 5,834	\$ 5,704	\$ (130)
Property taxes	<u>2,868,226</u>	<u>2,804,237</u>	<u>(63,989)</u>
Total revenues	<u>2,874,060</u>	<u>2,809,941</u>	<u>(64,119)</u>
Expenditures			
Debt service:			
Principal retirement	2,075,000	2,075,000	
Interest and fiscal charges	<u>920,259</u>	<u>922,950</u>	<u>(2,691)</u>
Total expenditures	<u>2,995,259</u>	<u>2,997,950</u>	<u>(2,691)</u>
Excess (deficiency) of revenues over expenditures	<u>(121,199)</u>	<u>(188,009)</u>	<u>(66,810)</u>
Other financing sources (uses)			
Transfers in		<u>82,041</u>	<u>82,041</u>
Total other financing sources (uses)		<u>82,041</u>	<u>82,041</u>
Changes in fund balances	<u>(121,199)</u>	<u>(105,968)</u>	<u>15,231</u>
Fund balances, beginning of year		<u>262,854</u>	<u>262,854</u>
Fund balances, end of year	<u>\$ (121,199)</u>	<u>\$ 156,886</u>	<u>\$ 278,085</u>

Tolleson Elementary School District No. 17
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$ 1,043	\$ 1,216	\$ 173
Property taxes	<u>300,254</u>	<u>350,000</u>	<u>49,746</u>
Total revenues	<u>301,297</u>	<u>351,216</u>	<u>49,919</u>
Expenditures			
Capital outlay	<u>399,500</u>	<u>351,630</u>	<u>47,870</u>
Total expenditures	<u>399,500</u>	<u>351,630</u>	<u>47,870</u>
Changes in fund balances	<u>(98,203)</u>	<u>(414)</u>	<u>97,789</u>
Fund balances, beginning of year	<u> </u>	<u>442,068</u>	<u>442,068</u>
Fund balances, end of year	<u>\$ (98,203)</u>	<u>\$ 441,654</u>	<u>\$ 539,857</u>

Tolleson Elementary School District No. 17
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 Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$ _____	\$ 82,041	\$ 82,041
Total revenues	<u>_____</u>	<u>82,041</u>	<u>82,041</u>
Expenditures			
Capital outlay	6,094,438	5,936,301	158,137
Total expenditures	<u>6,094,438</u>	<u>5,936,301</u>	<u>158,137</u>
Excess (deficiency) of revenues over expenditures	<u>(6,094,438)</u>	<u>(5,854,260)</u>	<u>240,178</u>
Other financing sources (uses)			
Transfers out	_____	(82,041)	(82,041)
Total other financing sources (uses)	<u>_____</u>	<u>(82,041)</u>	<u>(82,041)</u>
Changes in fund balances	<u>(6,094,438)</u>	<u>(5,936,301)</u>	<u>158,137</u>
Fund balances, beginning of year	_____	5,936,301	5,936,301
Fund balances, end of year	<u>\$ (6,094,438)</u>	<u>\$ _____</u>	<u>\$ 6,094,438</u>

Tolleson Elementary School District No. 17
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>Variance with Final Budget</u>
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$ 34,798	\$ 6,290	\$ (28,508)
State aid and grants	<u>1,034,929</u>		<u>(1,034,929)</u>
Total revenues	<u>1,069,727</u>	<u>6,290</u>	<u>(1,063,437)</u>
Expenditures			
Capital outlay	<u>1,690,161</u>	<u>49,229</u>	<u>1,640,932</u>
Total expenditures	<u>1,690,161</u>	<u>49,229</u>	<u>1,640,932</u>
Changes in fund balances	<u>(620,434)</u>	<u>(42,939)</u>	<u>577,495</u>
Fund balances, beginning of year	<u> </u>	<u>129,814</u>	<u>129,814</u>
Fund balances, end of year	<u>\$ (620,434)</u>	<u>\$ 86,875</u>	<u>\$ 707,309</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.

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 5 percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

(This page intentionally left blank)

Tolleson Elementary School District No. 17
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	\$ 45,232,130	\$ 41,701,253	\$ 42,330,785	\$ 43,995,004	\$ 45,319,910
Restricted	10,249,545	11,825,083	7,248,459	4,006,211	4,300,880
Unrestricted	<u>(12,205,166)</u>	<u>(13,883,583)</u>	<u>(18,291,966)</u>	<u>(19,028,866)</u>	<u>(15,299,907)</u>
Total net position	<u><u>\$ 43,276,509</u></u>	<u><u>\$ 39,642,753</u></u>	<u><u>\$ 31,287,278</u></u>	<u><u>\$ 28,972,349</u></u>	<u><u>\$ 34,320,883</u></u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position:					
Net investment in capital assets	\$ 45,626,079	\$ 46,335,031	\$ 45,544,136	\$ 45,246,641	\$ 45,354,673
Restricted	5,117,242	5,355,155	5,781,261	5,232,083	4,661,075
Unrestricted	<u>(15,520,045)</u>	<u>(14,402,143)</u>	<u>(13,212,196)</u>	<u>(15,748,921)</u>	<u>4,013,699</u>
Total net position	<u><u>\$ 35,223,276</u></u>	<u><u>\$ 37,288,043</u></u>	<u><u>\$ 38,113,201</u></u>	<u><u>\$ 34,729,803</u></u>	<u><u>\$ 54,029,447</u></u>

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

Tolleson Elementary School District No. 17
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	\$ 19,097,475	\$ 17,147,694	\$ 17,277,242	\$ 19,988,221	\$ 16,076,094
Support services - students and staff	4,931,892	4,484,920	4,492,414	4,520,994	4,141,055
Support services - administration	4,249,590	3,824,590	4,167,697	4,515,054	3,464,877
Operation and maintenance of plant services	3,497,128	3,404,845	3,444,627	3,469,885	3,150,252
Student transportation services	895,847	900,743	1,052,657	1,592,043	1,066,117
Operation of non-instructional services	3,527,435	3,887,978	3,871,164	3,708,914	2,998,982
Interest on long-term debt	793,807	881,080	954,019	811,646	741,050
Total expenses	<u>36,993,174</u>	<u>34,531,850</u>	<u>35,259,820</u>	<u>38,606,757</u>	<u>31,638,427</u>
Program Revenues					
Charges for services:					
Instruction	278,250	637,714	651,808	824,932	513,513
Operation of non-instructional services	191,837	84,399	20,845	295,725	231,959
Other activities	8,285	6,142		10,118	42,609
Operating grants and contributions	9,830,971	13,694,175	12,531,962	6,331,748	5,949,793
Capital grants and contributions	1,532,251	469,770	532,779	517,052	271,750
Total program revenues	<u>11,841,594</u>	<u>14,892,200</u>	<u>13,737,394</u>	<u>7,979,575</u>	<u>7,009,624</u>
Net (Expense)/Revenue	<u>\$ (25,151,580)</u>	<u>\$ (19,639,650)</u>	<u>\$ (21,522,426)</u>	<u>\$ (30,627,182)</u>	<u>\$ (24,628,803)</u>

(Continued)

Tolleson Elementary School District No. 17
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	\$ 15,662,883	\$ 14,885,268	\$ 13,044,242	\$ 12,211,924	\$ 10,987,980
Support services - students and staff	4,077,628	3,838,508	3,273,374	3,284,905	3,223,435
Support services - administration	3,339,705	3,218,969	2,947,487	2,753,821	2,473,634
Operation and maintenance of plant services	2,748,738	2,658,861	2,427,054	2,550,585	2,182,106
Student transportation services	892,761	744,442	681,123	581,706	549,204
Operation of non-instructional services	2,690,973	2,328,242	2,064,539	2,102,998	1,988,363
Interest on long-term debt	419,423	294,381	333,032	373,458	412,007
Total expenses	<u>29,832,111</u>	<u>27,968,671</u>	<u>24,770,851</u>	<u>23,859,397</u>	<u>21,816,729</u>
Program Revenues					
Charges for services:					
Instruction	133,812	228,917	170,201	135,328	64,863
Operation of non-instructional services	237,956	213,190	230,523	261,600	236,035
Other activities			91,578	28,619	
Operating grants and contributions	6,016,641	5,513,994	5,293,621	5,243,843	4,368,531
Capital grants and contributions	165,813	477,885	947,506	274,952	855,013
Total program revenues	<u>6,554,222</u>	<u>6,433,986</u>	<u>6,733,429</u>	<u>5,944,342</u>	<u>5,524,442</u>
Net (Expense)/Revenue	<u>\$ (23,277,889)</u>	<u>\$ (21,534,685)</u>	<u>\$ (18,037,422)</u>	<u>\$ (17,915,055)</u>	<u>\$ (16,292,287)</u>

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

(Concluded)

Tolleson Elementary School District No. 17
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	\$ (25,151,580)	\$ (19,639,650)	\$ (21,522,426)	\$ (30,627,182)	\$ (24,628,803)
General Revenues:					
Property taxes	11,099,586	10,793,810	9,874,188	9,882,999	8,822,200
Investment income	318,178	152,902	166,404	237,783	423,624
Unrestricted county aid		1,181,771	1,168,151	1,169,623	1,209,549
Unrestricted state aid	17,068,895	14,209,489	12,516,053	13,792,206	13,115,154
Unrestricted federal aid	298,677	220,827	112,559	170,215	155,883
Total general revenues	<u>28,785,336</u>	<u>26,558,799</u>	<u>23,837,355</u>	<u>25,252,826</u>	<u>23,726,410</u>
Changes in Net Position	<u>\$ 3,633,756</u>	<u>\$ 6,919,149</u>	<u>\$ 2,314,929</u>	<u>\$ (5,374,356)</u>	<u>\$ (902,393)</u>

(Continued)

Tolleson Elementary School District No. 17
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	\$ (23,277,889)	\$ (21,534,685)	\$ (18,037,422)	\$ (17,915,055)	\$ (16,292,287)
General Revenues:					
Property taxes	7,554,516	7,597,355	7,102,925	6,659,941	5,830,940
Investment income	145,584	48,427	33,787	29,948	34,086
Unrestricted county aid	1,209,430	1,160,952	1,065,587	980,201	905,894
Unrestricted state aid	12,138,212	11,728,074	11,171,443	10,282,770	9,737,432
Unrestricted federal aid	161,832	174,719	58,536	60,202	29,982
Total general revenues	<u>21,209,574</u>	<u>20,709,527</u>	<u>19,432,278</u>	<u>18,013,062</u>	<u>16,538,334</u>
Changes in Net Position	<u>\$ (2,068,315)</u>	<u>\$ (825,158)</u>	<u>\$ 1,394,856</u>	<u>\$ 98,007</u>	<u>\$ 246,047</u>

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

Note: Due to a change in legislation, beginning with fiscal year 2023, unrestricted county aid is now presented with property taxes.

(Concluded)

Tolleson Elementary School District No. 17
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	2023	2022	2021	2020	2019
General Fund:					
Nonspendable	\$	\$	\$	\$	\$
Restricted	236,757				
Unassigned	6,089,373	5,249,546	3,138,809	2,191,858	1,761,481
Total General Fund	\$ 6,326,130	\$ 5,249,546	\$ 3,138,809	\$ 2,191,858	\$ 1,761,481
All Other Governmental Funds:					
Nonspendable	\$ 20,343	\$ 24,243	\$ 105,402	\$	\$
Restricted	9,198,799	17,686,384	14,107,118	13,751,774	8,437,523
Unassigned	(2,444,169)	(4,367,885)	(953,073)	(629,898)	(559,280)
Total all other governmental funds	\$ 6,774,973	\$ 13,342,742	\$ 13,259,447	\$ 13,121,876	\$ 7,878,243

(Continued)

Tolleson Elementary School District No. 17
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	\$	\$ 208,527	\$	\$ 463,696	\$ 342,713
Unassigned	2,270,614	2,501,409	3,336,711	2,543,615	3,168,455
Total General Fund	<u>\$ 2,270,614</u>	<u>\$ 2,709,936</u>	<u>\$ 3,336,711</u>	<u>\$ 3,007,311</u>	<u>\$ 3,511,168</u>
All Other Governmental Funds:					
Nondisposable	\$	\$	\$	\$	\$ 79,512
Restricted	19,650,779	5,357,018	5,465,835	5,031,697	4,899,616
Unassigned	(601,013)	(160)	(54,230)	(54,230)	(67,050)
Total all other governmental funds	<u>\$ 19,049,766</u>	<u>\$ 5,356,858</u>	<u>\$ 5,465,835</u>	<u>\$ 4,977,467</u>	<u>\$ 4,912,078</u>

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

(Concluded)

Tolleson Elementary School District No. 17
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	\$ 8,582,277	\$ 3,427,204	\$ 3,690,010	\$ 2,473,207	\$ 2,235,438
National School Lunch Program	3,175,753	6,586,938	7,391,939	3,760,960	3,137,531
Total federal sources	<u>11,758,030</u>	<u>10,014,142</u>	<u>11,081,949</u>	<u>6,234,167</u>	<u>5,372,969</u>
State sources:					
State equalization assistance	14,766,203	11,839,671	11,010,840	12,108,584	11,395,829
State grants	788,543	854,480	1,004,815	641,561	563,751
School Facilities Oversight Board		34,549	379,912	55,609	104,080
Other revenues	2,302,692	2,422,683	1,721,866	1,683,622	1,719,325
Total state sources	<u>17,857,438</u>	<u>15,151,383</u>	<u>14,117,433</u>	<u>14,489,376</u>	<u>13,782,985</u>
Local sources:					
Property taxes	11,188,136	10,832,411	9,795,470	9,901,129	8,872,493
County aid		1,181,771	1,168,151	1,169,623	1,209,549
Food service sales	173,762	84,399	20,845	261,713	231,959
Investment income	304,998	149,255	162,708	222,961	413,855
Other revenues	526,047	696,080	681,931	954,768	630,868
Total local sources	<u>12,192,943</u>	<u>12,943,916</u>	<u>11,829,105</u>	<u>12,510,194</u>	<u>11,358,724</u>
Total revenues	<u><u>\$ 41,808,411</u></u>	<u><u>\$ 38,109,441</u></u>	<u><u>\$ 37,028,487</u></u>	<u><u>\$ 33,233,737</u></u>	<u><u>\$ 30,514,678</u></u>

(Continued)

Tolleson Elementary School District No. 17
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	\$ 2,216,586	\$ 2,866,845	\$ 2,689,659	\$ 2,256,413	\$ 2,174,902
Education Jobs					
National School Lunch Program	2,923,210	2,693,821	2,430,154	2,202,048	1,957,967
Total federal sources	<u>5,139,796</u>	<u>5,560,666</u>	<u>5,119,813</u>	<u>4,458,461</u>	<u>4,132,869</u>
State sources:					
State equalization assistance	10,589,255	10,537,965	10,018,939	9,232,515	8,724,191
State grants	649,033	513,735	503,160	803,487	783,829
School Facilities Oversight Board	66,005	376,095	530,715	109,104	235,495
Other revenues	1,548,957	1,190,109	1,153,254	1,051,005	1,013,241
Total state sources	<u>12,853,250</u>	<u>12,617,904</u>	<u>12,206,068</u>	<u>11,196,111</u>	<u>10,756,756</u>
Local sources:					
Property taxes	7,546,923	7,598,917	7,162,343	6,648,839	5,830,514
County aid	1,209,430	1,160,952	1,065,587	980,201	905,894
Food service sales	237,956	213,190	230,523	208,471	179,099
Investment income	97,357	34,966	31,354	29,948	34,086
Other revenues	408,308	318,478	312,602	255,812	162,394
Total local sources	<u>9,499,974</u>	<u>9,326,503</u>	<u>8,802,409</u>	<u>8,123,271</u>	<u>7,111,987</u>
Total revenues	<u>\$ 27,493,020</u>	<u>\$ 27,505,073</u>	<u>\$ 26,128,290</u>	<u>\$ 23,777,843</u>	<u>\$ 22,001,612</u>

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

Note: Due to a change in legislation, beginning with fiscal year 2023, county aid is now presented with property taxes.

(Concluded)

Tolleson Elementary School District No. 17
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	\$ 17,355,295	\$ 15,082,027	\$ 14,176,711	\$ 15,148,061	\$ 14,448,386
Support services - students and staff	4,977,700	4,578,787	4,182,092	3,979,352	4,066,415
Support services - administration	3,811,854	3,291,958	3,140,979	3,033,148	2,904,434
Operation and maintenance of plant services	2,995,245	2,912,277	2,855,179	2,692,821	2,737,152
Student transportation services	634,674	510,901	449,237	509,887	626,579
Operation of non-instructional services	3,456,273	3,715,478	3,808,053	3,448,347	2,870,083
Capital outlay	10,431,853	2,154,694	4,030,050	7,495,793	12,332,604
Debt service -					
Principal retirement	2,696,899	2,561,052	2,307,051	2,122,428	1,405,000
Interest and fiscal charges	939,803	1,027,076	1,100,015	957,642	
Bond issuance costs				278,314	804,681
Total expenditures	<u>\$ 47,299,596</u>	<u>\$ 35,834,250</u>	<u>\$ 36,049,367</u>	<u>\$ 39,665,793</u>	<u>\$ 42,195,334</u>
Expenditures for capitalized assets	\$ 9,507,193	\$ 531,878	\$ 1,425,716	\$ 2,580,409	\$ 10,506,964
Debt service as a percentage of noncapital expenditures	10%	10%	10%	8%	4%

(Continued)

Tolleson Elementary School District No. 17
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	\$ 13,654,022	\$ 12,632,776	\$ 11,416,155	\$ 10,838,256	\$ 9,807,769
Support services - students and staff	3,941,711	3,525,685	3,079,072	3,213,204	2,979,511
Support services - administration	2,850,444	2,812,730	2,603,475	2,526,726	2,259,584
Operation and maintenance of plant services	2,207,055	2,539,174	1,710,897	2,476,051	1,799,211
Student transportation services	574,392	503,032	459,093	407,610	429,017
Operation of non-instructional services	2,588,549	2,245,689	1,996,946	1,963,340	1,976,357
Capital outlay	1,973,580	2,965,885	2,303,156	1,499,137	4,064,589
Debt service -					
Principal retirement	970,000	930,000	945,000	960,000	945,000
Interest and fiscal charges	419,423	294,381	333,032	373,458	412,007
Bond issuance costs	278,191				
Total expenditures	<u>\$ 29,457,367</u>	<u>\$ 28,449,352</u>	<u>\$ 24,846,826</u>	<u>\$ 24,257,782</u>	<u>\$ 24,673,045</u>
Expenditures for capitalized assets	\$ 833,156	\$ 1,301,919	\$ 792,098	\$ 588,474	\$ 3,517,739
Debt service as a percentage of noncapital expenditures	5%	5%	5%	6%	6%

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

(Concluded)

Tolleson Elementary School District No. 17
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	\$ (5,491,185)	\$ 2,275,191	\$ 979,120	\$ (6,432,056)	\$ (11,680,656)
Other financing sources (uses):					
Issuance of school improvement bonds				7,970,000	
Issuance of refunding bonds				2,990,000	
Premium on sale of bonds				1,392,814	
Payment to refunded bond escrow agent				(3,045,000)	
Capital lease agreements				2,772,430	
Transfers in	892,688	936,629	1,029,011	969,250	922,612
Transfers out	(892,688)	(936,629)	(1,029,011)	(969,250)	(922,612)
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u>12,080,244</u>	<u> </u>
Changes in fund balances	<u>\$ (5,491,185)</u>	<u>\$ 2,275,191</u>	<u>\$ 979,120</u>	<u>\$ 5,648,188</u>	<u>\$ (11,680,656)</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenditures	\$ (1,964,347)	\$ (944,279)	\$ 1,281,464	\$ (479,939)	\$ (2,671,433)
Other financing sources (uses):					
Issuance of school improvement bonds	14,200,000				
Premium on sale of bonds	1,208,983				
Insurance recoveries	17,477				
Transfers in	741,449	324,249	251,631	357,587	2,232,268
Transfers out	(741,449)	(324,249)	(251,631)	(357,587)	(2,232,268)
Total other financing sources (uses)	<u>15,426,460</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>\$ 13,462,113</u>	<u>\$ (944,279)</u>	<u>\$ 1,281,464</u>	<u>\$ (479,939)</u>	<u>\$ (2,671,433)</u>

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

Tolleson Elementary School District No. 17
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	\$ 205,352,160	\$ 187,896,661	\$ 171,027,801	\$ 157,934,749	\$ 139,478,309
Agricultural and Vacant	7,004,172	8,325,139	7,253,542	7,449,007	7,440,555
Residential (Owner Occupied)	22,292,554	21,213,722	19,702,263	18,010,467	16,437,615
Residential (Rental)	21,674,628	20,021,625	19,014,425	17,454,666	16,226,032
Railroad, Private Cars and Airlines	762,701	685,481	662,524	658,595	651,018
Historical Property	824,424	739,299	724,189	729,925	736,229
Total	\$ 257,910,639	\$ 238,881,927	\$ 218,384,744	\$ 202,237,409	\$ 180,969,758
Gross Full Cash Value	\$ 3,164,690,785	\$ 2,979,905,243	\$ 2,646,582,391	\$ 2,391,571,552	\$ 2,173,813,105
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8.15%	8.02%	8.25%	8.46%	8.32%
Total Direct Rate	4.31	4.38	4.60	4.93	4.84

<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	\$ 129,464,706	\$ 115,746,177	\$ 106,277,208	\$ 103,140,597	\$ 101,084,914
Agricultural and Vacant	9,432,394	9,827,683	10,008,829	9,989,781	9,488,919
Residential (Owner Occupied)	15,393,367	14,475,693	13,787,455	13,205,244	12,794,835
Residential (Rental)	15,564,811	14,958,164	14,249,217	13,558,914	11,918,055
Railroad, Private Cars and Airlines	699,718	683,119	751,522	802,418	729,361
Historical Property	1,163,122	1,129,112	1,061,900	1,206,010	1,226,017
Total	\$ 171,718,118	\$ 156,819,948	\$ 146,136,131	\$ 141,902,964	\$ 137,242,101
Gross Full Cash Value	\$ 1,998,917,395	\$ 1,755,988,636	\$ 1,485,425,876	\$ 1,188,317,026	\$ 1,089,274,236
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8.59%	8.93%	9.84%	11.94%	12.60%
Total Direct Rate	4.47	4.80	4.01	4.57	4.19

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 requirement and other voter-approved overrides.

Tolleson Elementary School District No. 17
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	\$ 291,854,255	\$ 279,503,810	\$ 250,169,520	\$ 229,213,804	\$ 197,585,151
Agricultural and Vacant	12,525,542	14,459,585	11,026,574	10,700,870	10,388,699
Residential (Owner Occupied)	45,094,407	41,839,142	37,299,209	31,670,724	30,274,784
Residential (Rental)	43,087,470	37,934,816	33,841,298	28,938,161	27,403,128
Railroad, Private Cars and Airlines	1,231,820	893,923	843,191	817,507	788,261
Historical Property	1,089,904	1,260,610	1,218,655	1,215,845	1,121,300
Total	\$ 394,883,398	\$ 375,891,886	\$ 334,398,447	\$ 302,556,911	\$ 267,561,323
Gross Full Cash Value	\$ 3,164,690,785	\$ 2,979,905,243	\$ 2,646,582,391	\$ 2,391,571,552	\$ 2,173,813,105
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12.48%	12.61%	12.64%	12.65%	12.31%
Estimated Net Full Cash Value	\$ 2,649,669,870	\$ 2,468,841,026	\$ 2,202,358,807	\$ 1,980,866,377	\$ 1,767,002,684
Total Direct Rate	4.31	4.38	4.60	4.93	4.84

<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	\$ 185,131,536	\$ 153,678,740	\$ 126,948,984	\$ 106,712,221	\$ 101,407,708
Agricultural and Vacant	13,489,787	12,609,771	11,159,990	10,431,169	9,719,332
Residential (Owner Occupied)	24,377,873	22,717,947	20,636,201	14,851,536	12,807,231
Residential (Rental)	23,462,721	21,465,706	19,399,736	15,118,527	11,946,360
Railroad, Private Cars and Airlines	818,376	732,533	766,256	810,148	736,429
Historical Property	1,569,430	1,357,960	1,227,850	1,672,000	1,738,824
Total	\$ 248,849,723	\$ 212,562,657	\$ 180,139,017	\$ 149,595,601	\$ 138,355,884
Gross Full Cash Value	\$ 1,998,917,395	\$ 1,755,988,636	\$ 1,485,425,876	\$ 1,188,317,026	\$ 1,089,274,236
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12.45%	12.11%	12.13%	12.59%	12.70%
Estimated Net Full Cash Value	\$ 1,633,667,149	\$ 1,408,969,452	\$ 180,139,017	\$ 149,595,601	\$ 138,355,884
Total Direct Rate	4.47	4.80	4.01	4.57	4.19

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.

Tolleson Elementary School District No. 17
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.

Tolleson Elementary School District No. 17
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Overlapping Rates										District Direct Rates		
	State Equalization	County	Flood Control District	Community College District	Central Arizona Water	City of Phoenix	City of Tolleson	City of Avondale	Tolleson Union High School District No. 214	Primary	Secondary	Total	
	2023		1.25	0.16	1.19	0.01	2.11	2.68	1.55	5.41	1.92	2.39	4.31
2022	0.43	1.35	0.18	1.23	0.14	2.12	2.75	1.42	4.73	1.95	2.43	4.38	
2021	0.44	1.40	0.18	1.29	0.14	2.13	3.53	1.42	4.71	2.04	2.56	4.60	
2020	0.46	1.40	0.18	1.33	0.14	2.13	3.72	1.65	5.01	2.09	2.84	4.93	
2019	0.47	1.40	0.18	1.38	0.14	2.14	3.83	1.76	4.45	2.13	2.71	4.84	
2018	0.49	1.40	0.18	1.41	0.14	2.16	3.99	1.60	3.94	2.12	2.35	4.47	
2017	0.50	1.40	0.18	1.47	0.14	2.17	3.97	1.70	3.57	2.22	2.59	4.80	
2016	0.51	1.36	0.16	1.49	0.14	1.82	3.97	1.75	4.01	2.40	1.61	4.01	
2015	0.51	1.32	0.14	1.52	0.14	1.82	3.75	1.75	4.53	1.98	2.59	4.57	
2014	0.51	1.28	0.14	1.53	0.14	1.82	3.76	1.81	5.49	1.92	2.27	4.19	

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

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

Tolleson Elementary School District No. 17
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	Secondary Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
CLNC NNN Alberts AZ LLC	\$ 12,471,556	4.84 %		
Prologis-Exchange Westside Business Park LLC	8,455,627	3.28		
Banner Health	7,299,548	2.83	\$ 2,767,118	2.00 %
SBSS W Jefferson LLC 448 W Jefferson LLC Stealth	5,962,574	2.31		
JBS Tolleson Inc	5,752,050	2.23		
Fip Master Funding I LLC	4,350,786	1.69		
PR 101 Logistics Park Building 2 LLC	4,299,750	1.67		
Majestic Sieroty Tolleson LLC	3,825,000	1.48		
Tolleson Logistics TIC Owner I LLC	3,821,910	1.48		
First Industrial Lp	3,799,171	1.47		
LBA Realty Fund III Company IX LLC			7,651,080	5.53
ABS SW Investor LLC			4,468,895	3.23
Raintree Pad 2 LLC			3,541,911	2.56
91st Avenue Investments LLC			3,140,679	2.27
Pratte Buckeye Property LLC			2,338,214	1.69
The Prince Company			2,282,872	1.65
Credit Suisse 1st Boston Mortgage Securities			2,282,872	1.65
BRY PL LP			1,992,325	1.44
Quiktrip Corporation			1,950,818	1.41
Total	<u>\$ 60,037,972</u>	<u>23.28 %</u>	<u>\$ 32,416,784</u>	<u>23.43 %</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.

Tolleson Elementary School District No. 17
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	\$ 11,240,551	\$ 11,041,359	98.23 %	\$	\$ 11,041,359	98.23 %
2022	10,709,692	10,565,239	98.65	58,910	10,624,149	99.20
2021	10,015,163	9,702,800	96.88	310,854	10,013,654	99.98
2020	10,073,311	9,761,293	96.90	311,167	10,072,460	99.99
2019	8,885,712	8,772,156	98.72	113,181	8,885,337	100.00
2018	7,616,051	7,565,094	99.33	50,546	7,615,640	99.99
2017	7,475,971	7,320,680	97.92	154,924	7,475,604	100.00
2016	7,174,735	7,103,412	99.01	71,022	7,174,434	100.00
2015	6,712,294	6,569,985	97.88	142,020	6,712,005	100.00
2014	5,875,068	5,758,897	98.02	116,145	5,875,042	100.00

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.

Tolleson Elementary School District No. 17
Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Financed Purchases and Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2023	\$ 22,809,182	\$ 172,954	\$ 22,636,228	0.72 %	\$ 1,300	\$	\$ 22,809,182	0.72 %	\$ 1,300	0.01 %
2022	24,805,178	302,653	24,502,525	0.82	1,374	621,899	25,427,077	0.85	1,408	0.01
2021	26,566,174	248,344	26,317,830	0.99	1,502	1,332,951	27,899,125	1.05	1,577	0.01
2020	28,087,170	357,378	27,729,792	1.16	1,615	2,025,002	30,112,172	1.26	1,731	0.01
2019	20,330,352		20,330,352	0.94	1,197		20,330,352	0.94	1,197	0.01
2018	21,363,983	64,554	21,299,429	1.07	2,965		21,363,983	1.07	2,965	0.01
2017	6,885,000	171,407	6,713,593	0.38	995		6,885,000	0.39	995	0.00
2016	7,830,000	69,265	7,760,735	0.52	1,145		7,830,000	0.53	1,145	0.00
2015	8,790,000	15,630	8,774,370	0.74	1,302		8,790,000	0.74	1,302	0.01
2014	9,735,000	17,443	9,717,557	0.89	1,452		9,735,000	0.89	1,452	0.01

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

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.

Tolleson Elementary School District No. 17
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:			
State of Arizona	\$ None	0.33 %	\$
Maricopa County	None	0.50	
Maricopa County Community College	135,585,000	0.50	677,925
Maricopa County Special Health Care District	600,335,000	0.50	3,001,675
City of Avondale	44,475,000	5.26	2,339,385
City of Phoenix	815,395,000	0.29	2,364,646
City of Tolleson	19,724,144	66.11	13,039,632
Western Maricopa Education Center District No. 402	130,195,000	1.34	1,744,613
Tolleson Union High School District No. 14	200,720,000	16.05	32,215,560
Subtotal, Overlapping Debt			<u>55,383,436</u>
Direct:			
Tolleson Elementary School District No. 17			<u>22,809,182</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 78,192,618</u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		8.78 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 3,127	
As a Percentage of Net Limited Assessed Valuation		30.25 %
As a Percentage of Estimated Gross Full Cash Value		2.47 %

Source: The source of this information is the Arizona Tax Research Association, County Assessor, County Treasurer and the Arizona Department of Revenue.

Note: 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.

Tolleson Elementary School District No. 17
Legal Debt Margin Information
Last Ten Fiscal Years

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

Net full cash assessed valuation	\$ 394,883,398
Debt limit (10% of assessed value)	39,488,340
Debt applicable to limit	<u>21,816,062</u>
Legal debt margin	<u>\$ 17,672,278</u>

Total Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 394,883,398
Debt limit (15% of assessed value)	59,232,510
Debt applicable to limit	<u>21,816,062</u>
Legal debt margin	<u>\$ 37,416,448</u>

Fiscal Year Ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit	\$ 59,232,510	\$ 56,383,783	\$ 50,159,767	\$ 45,383,537	\$ 40,134,198
Total net debt applicable to limit	<u>21,816,062</u>	<u>23,742,176</u>	<u>25,393,227</u>	<u>27,557,465</u>	<u>19,985,000</u>
Legal debt margin	<u>\$ 37,416,448</u>	<u>\$ 32,641,607</u>	<u>\$ 24,766,540</u>	<u>\$ 17,826,072</u>	<u>\$ 20,149,198</u>
Total net debt applicable to the limit as a percentage of debt limit	37%	42%	51%	61%	50%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 37,327,458	\$ 31,884,399	\$ 27,020,853	\$ 22,439,340	\$ 20,753,383
Total net debt applicable to limit	<u>20,955,000</u>	<u>6,885,000</u>	<u>7,830,000</u>	<u>8,790,000</u>	<u>9,735,000</u>
Legal debt margin	<u>\$ 16,372,458</u>	<u>\$ 24,999,399</u>	<u>\$ 19,190,853</u>	<u>\$ 13,649,340</u>	<u>\$ 11,018,383</u>
Total net debt applicable to the limit as a percentage of debt limit	56%	22%	29%	39%	47%

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.

Tolleson Elementary School District No. 17
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	\$ 288,842,282	\$ 63,461	3.3 %	17,543
2021	4,507,419	268,713,717	59,759	4.5	18,055
2020	4,439,220	245,077,753	53,521	6.6	17,686
2019	4,367,835	222,943,072	49,704	3.6	17,392
2018	4,294,460	210,370,180	47,694	4.1	16,983
2017	4,307,033	196,286,191	45,573	4.2	7,205
2016	4,137,076	185,613,641	43,845	4.5	6,920
2015	4,076,439	178,469,430	42,962	5.5	6,837
2014	4,087,191	168,483,421	41,222	5.9	6,750
2013	4,009,412	147,700,000	27,552	6.2	6,704

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.

Tolleson Elementary School District No. 17
Principal Employers
Current Fiscal Year and Fiscal Year Nine Years Prior

<u>Employer</u>	<u>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Banner Health	28,740	1.56 %	25,126	1.47 %
State of Arizona	25,640	1.39	52,076	3.05
Walmart Stores Inc.	20,080	1.09	31,837	1.86
Frys Food Stores	15,620	0.85		
Maricopa County	12,730	0.69	13,308	0.78
Wells Fargo	13,960	0.76	13,679	0.80
City of Phoenix	10,430	0.57	14,983	0.88
Amazon	18,780	1.02		
Arizona State University	11,360	0.62	12,222	0.71
Intel Corporation	11,810	0.64	11,000	0.64
Bank of America			12,500	0.73
JP Morgan Chase & Co			11,407	0.67
Total	<u>169,150</u>	<u>9.19 %</u>	<u>198,138</u>	<u>11.59 %</u>
Total employment	<u>1,845,890</u>		<u>1,710,000</u>	

Source: The source of this information is the Maricopa Association of Governments Employer Database.

Note: The principal employers were not available for the District alone, therefore, the principal employers for Maricopa County are presented.

Tolleson Elementary School District No. 17
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					
Superintendent	1	1	1	1	
Assistant superintendents	1				
Executive directors		5	5	5	
Consultants/supervisors of instruction	3	2	2	2	
Principals	4	4	4	4	4
Assistant principals	3	4	4	4	3
Total supervisory	<u>12</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>7</u>
Instruction					
Teachers	163	163	163	163	161
Other professionals (instructional)	14	15	15	15	9
Student teacher interns		9	9	9	
Aides	61	49	49	49	49
Total instruction	<u>238</u>	<u>236</u>	<u>236</u>	<u>236</u>	<u>219</u>
Student Services					
Nurses	4	3	3	3	3
Nurses aide		1	1	1	
Counselors/Advisors	8				
Health services		6	6	6	3
Librarians	4	1	1	1	3
Library clerk		3	3	3	
Technicians	11				10
Total student services	<u>27</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>19</u>
Support and Administration					
Office staff		10	10	10	10
Secretaries and clerical		11	11	11	11
Maintenance and custodial		6	6	6	9
Transportation		8	8	8	10
Technology		5	5	5	3
Food service		6	6	6	5
Other					10
Service workers	55				
Total support and administration	<u>55</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>58</u>
Total	<u><u>332</u></u>	<u><u>312</u></u>	<u><u>312</u></u>	<u><u>312</u></u>	<u><u>303</u></u>

(Continued)

Tolleson Elementary School District No. 17
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					
Superintendent					
Assistant superintendents					
Executive directors					
Consultants/supervisors of instruction					
Principals	4	4	4	4	4
Assistant principals	3	3	3	3	3
Total supervisory	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Instruction					
Teachers	159	159	148	144	136
Other professionals (instructional)	11	8	12	12	9
Student teacher interns					
Aides	48	49	31	30	26
Total instruction	<u>218</u>	<u>216</u>	<u>191</u>	<u>186</u>	<u>171</u>
Student Services					
Nurses	3	3	3	3	2
Nurses aide					
Counselors/Advisors					
Health services	3	2	2	2	3
Librarians	2	3	3	3	3
Library clerk					
Technicians	10	10	9	9	8
Total student services	<u>18</u>	<u>18</u>	<u>17</u>	<u>17</u>	<u>16</u>
Support and Administration					
Office staff	10	9	8	8	8
Secretaries and clerical	11	11	10	10	10
Maintenance and custodial	9	9	10	10	10
Transportation	9	9	10	9	9
Technology	3	3	3	3	4
Food service	5	5	7	7	9
Other	9	7	7	7	8
Service workers					
Total support and administration	<u>56</u>	<u>53</u>	<u>55</u>	<u>54</u>	<u>58</u>
Total	<u><u>299</u></u>	<u><u>294</u></u>	<u><u>270</u></u>	<u><u>264</u></u>	<u><u>252</u></u>

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

(Concluded)

Tolleson Elementary School District No. 17
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	2,594	\$ 33,231,041	\$ 12,811	10.09 %	\$ 36,993,174	\$ 14,261	6.80 %	163	15.9	67.0 %
2022	2,586	30,091,428	11,636	6.35	34,531,850	13,353	(0.97)	163	15.9	86.0
2021	2,615	28,612,251	10,942	6.75	35,259,820	13,484	(1.82)	163	16.0	86.0
2020	2,811	28,811,616	10,250	5.56	38,606,757	13,734	23.63	163	17.2	86.0
2019	2,848	27,653,049	9,710	12.23	31,638,427	11,109	11.12	161	17.7	87.0
2018	2,984	25,816,173	8,652	3.89	29,832,111	9,997	4.12	159	18.8	86.0
2017	2,913	24,259,086	8,328	9.81	27,968,671	9,601	8.68	159	18.3	87.0
2016	2,804	21,265,638	7,584	(2.97)	24,770,851	8,834	1.49	148	18.9	81.0
2015	2,741	21,425,187	7,817	6.87	23,859,397	8,705	5.01	144	19.0	80.0
2014	2,632	19,251,449	7,314	1.41	21,816,729	8,289	4.46	136	19.4	80.0

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

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

Tolleson Elementary School District No. 17
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>										
<u>Elementary</u>										
Buildings	25	25	25	25	25	25	25	25	25	25
Square feet	412,908	412,908	412,908	412,908	365,648	365,648	365,648	365,648	365,648	365,648
Capacity	4,200	4,200	4,200	4,200	3,500	3,500	3,500	3,500	3,500	3,500
Enrollment	2,840	2,840	2,840	3,260	3,320	3,369	3,369	2,991	3,193	2,813
<u>Administrative</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Square feet	14,655	14,655	14,655	14,655	14,655	14,665	14,665	14,665	14,665	14,665
<u>Athletics</u>										
Soccer fields	3	3	3	3	3	3	3	3	3	3
Baseball/softball	5	4	4	4	4	4	4	4	4	4
Playgrounds	9	9	9	9	9	9	9	9	9	9

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

(This page intentionally left blank)

Tolleson Elementary School District
Uniform System of Financial Records Compliance Questionnaire
For Fiscal Year Ended June 30, 2023

Instructions

Arizona Revised Statutes (A.R.S.) §15-271 requires the Arizona Auditor General to inform any school district failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona School Districts* (USFR) that it has 90 days to correct the cited deficiencies. The USFR prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements. To help the Arizona Auditor General determine whether a district has attained an acceptable degree of compliance with USFR requirements, the audit firm must complete this USFR Compliance Questionnaire (CQ).

A.R.S. §§15-213(F) and 15-914(G) require districts to have a systematic review of their purchasing practices and average daily membership (ADM), respectively, performed in conjunction with their annual or biennial financial audit to determine whether the district complied with the applicable State of Arizona procurement and student attendance laws and rules. Auditor completion of the Procurement and Student attendance reporting CQ sections constitutes the required systematic reviews.

Audit firms must gain an understanding of the district's internal controls and obtain and document sufficient, appropriate evidence annually to support each CQ response. These instructions, the CQ questions, and the required review procedures constitute the minimum audit standards for completing the CQ. Required review procedures are included in the "tooltip" next to applicable questions in the web-based auditor submission CQ. The Arizona Auditor General may reject CQs that are not prepared in compliance with the minimum audit standards.

- Audit documentation must describe the procedures performed, items reviewed, and the results of such procedures and reviews to support the auditor's CQ responses and related comments.
- Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" responses on the CQ.
- The audit firm must determine the district reviewed documents and transactions and provided sufficient evidence of approval including manual or electronic signatures or initials and date of review.
- Audit firms must consider population size in determining the number of items to test (i.e., sample, scan, review, examine, or observe), and the items selected should be representative of the population. Therefore, testing 1 transaction, record, or item is not sufficient. The Credit cards and purchasing cards, Procurement, and Student attendance reporting CQ sections prescribe minimum sample sizes for specific questions. Population and samples sizes used for test work should be entered in the fields provided next to the applicable questions throughout the CQ.
- A "Yes" response indicates that the audit firm has determined that the district complied with the USFR for that question based on auditor obtained evidence. Several review procedures allow for auditors to determine whether the district implemented compensating controls when recommended USFR procedures could not be implemented due to limited staff size. When compensating controls are found, auditors should answer the question "Yes" and describe in the comments the compensating controls in place to meet the question's objective. However, the Arizona Auditor General makes the final determination of compliance with the USFR based on the evidence presented in the CQ, audit reports, audit documentation, and any other sources of information available.
- A "No" response indicates the district did not comply with the USFR for that question. Audit firms must explain the district's deficiency noted for all "No" responses in the comment box below the question. Deficiencies must be described in sufficient detail to enable the Arizona Auditor General to determine the nature and significance of the deficiency for: (a) assessing compliance with the USFR, (b) appropriately describing the deficiency in a report, and (c) testing compliance during a status review. The description should include the number of items tested and the number of exceptions noted, or dollar amount of the error, and any other relevant information that would provide context for the deficiency.
Cash and revenues questions apply to all the district's cash and revenue, including food service, auxiliary operations, extracurricular activities fees tax credit, and student activities receipts and bank accounts. Comments for "No" responses to these questions should indicate the type of receipt or bank account to which the deficiency applies.
- An "N/A" response indicates the district did not have activity related to the USFR requirements for that question. The audit firm must explain all "N/A" responses in the comment box below the question, unless the reason for the N/A is obvious.

The questions in the CQ do not address all requirements of the USFR. If the audit firm is aware of noncompliance with a requirement of the USFR that is not addressed in the CQ, including the School District Procurement Rules and the Arizona Department of Education's (ADE) membership and attendance guidelines, the audit firm should include the compliance findings in its reports issued in accordance with Governmental Auditing Standards and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

The audit firm must make the resulting audit documentation supporting the audit firm's CQ responses and comments available on request for the Arizona Auditor General and the ADE's review. To facilitate this review, the audit firm should include in the audit documentation a copy of the CQ with references to the audit procedures performed for each question.

Once the audit firm has completed, reviewed, and signed the CQ, it must submit it electronically to the Arizona Auditor General by following the instructions at the end of the web-based auditor submission CQ. Audit firms should print the file to PDF to create the CQ document to distribute to the district. As required by A.R.S. §15- 914(D), the district must submit the completed CQ with the audit reporting package to the district's county school superintendent's office and ADE.

Governing board/management procedures

Objective: To determine whether the governing board and District management have established and implemented certain procedures as required by statute.

1. The District held governing board meetings in accordance with [A.R.S. §§38-431 to 38-431.09](#), and prepared and retained written minutes and/or recordings.

Yes



2. The District annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees as part of their employment.

[A.R.S. §§38-502](#) and [38-509](#)

No



The District did not annually provide guidance to all employees on what constitutes a substantial interest or notify all employees that disclosing substantial interests is required as part of their employment.

3. The District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a conflict of interest in any contract, sale, purchase, service, or decision, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. [A.R.S. §§38-502](#) and [38-503](#)

No



The District did not maintain conflict-of-interest forms for employees.

4. The District maintained, for public inspection, a special file with all documents necessary to memorialize all governing board members and employees conflict-of-interest disclosures. [A.R.S. §38-509](#)

Yes



5. Employees or governing board members with reported conflicts, except as provided in [A.R.S. §15-323](#), refrained from voting upon or otherwise participating in any manner in that contract, sale, purchase, service, or decision of the school district. [A.R.S. §§38-502](#) and [38-503\(B\)](#).

N/A ▼

No such conflicts.

6. The District's management notified the Arizona Auditor General and appropriately resolved all allegations of theft, fraud, or misuse of District monies and assets in a timely manner.

No ▼

A District employee's work email was compromised resulting in a fictitious request to change the employee's direct deposit information. The direct deposit account was inappropriately changed resulting in a \$1,300 loss to the District before it was detected. The District did not notify the police or the Auditor General's office until being advised to do so by a member of the audit team in August 2023.

7. The governing board established written personnel and payroll policies and approved employee contracts, wage agreements, salary and wage schedules, and any other agreed-upon terms of employment.

Yes ▼

8. The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. [A.R.S. §15-1122](#)

Yes ▼

9. The governing board received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances that were accurately prepared. [A.R.S. §15-1123](#)

Yes ▼

10. The governing board approved student clubs' and organizations' fund-raising events. [A.R.S. §15-1121](#) and AG Opinion I84-018

Yes



Sample

5

11. The governing board obtained voter approval to construct buildings and purchase or lease school sites, unless otherwise exempted by [A.R.S. §15-342\(25\)](#).

Yes



Budgeting

Objective: To determine whether the District's budget preparation processes ensure that the District properly allocates the monies it receives, stays within those budgets, and accurately informs the public about the use of those monies.

1. The budget included all funds as required by [A.R.S. §15-905](#) and followed the form's [Budget—Submission and Publication Instructions](#).

Yes



2. Total budgeted expenditures on the originally adopted budget for the Maintenance and Operation (M&O) and Unrestricted Capital Outlay Funds (UCO) were less than or equal to the budgeted amounts on the published proposed budget and within the general budget limit (GBL) and the unrestricted capital budget limit (UCBL). [A.R.S. §15-905\(E\)](#).

Yes



3. The District revised its budget on or before December 15, if ADE notified the District that its M&O or UCO Fund budgeted expenditures exceeded the GBL or UCBL. [A.R.S. §15-905\(E\)](#).

N/A



Revision not required.

4. The District completed its revised expenditure budget before May 15 and filed it electronically with the Superintendent of Public Instruction by May 18. [A.R.S. §15-905\(I\)](#).

Yes



5. The District reduced the budget by the prior year's overexpenditure (or a portion of the prior year's overexpenditure, as approved by the Superintendent of Public Instruction) or the District began the process to correct its prior year's data that impacts state-aid and/or budget capacity. [A.R.S. §§15-905\(M\)](#) and [15-915](#)

N/A



No prior year over-expenditure.

Accounting records

Objective: To determine whether the District accurately maintains accounting records to provide support for financial information.

Test work should indicate the procedures performed to document what processes and controls the District has in place to reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies, such as tracing detailed source documents to the District's trial balance that agree to the financial statements.

1. The District coded transactions in accordance with the [USFR Chart of Accounts](#).

No



For one of 45 disbursements reviewed, the disbursement was not coded in accordance with the USFR Chart of Accounts. Additionally, interest expenditures of \$460,125 were misclassified to principal expenditures.

2. The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.

Yes



Population

620

Sample

25

3. The District transferred monies only between funds listed in the USFR §III Chart of Accounts–Authorized Transfers.

Yes ▼

Population

9

Sample

9

4. The District documented and dated a monthly review of financial transactions the county school superintendent (CSS) initiated (i.e., revenue postings or journal entries) for propriety and researched and resolved any differences.

Yes ▼

5. The District reconciled cash balances by fund monthly with the CSS or county treasurer’s records, as applicable, and properly supported, documented, and dated the reconciliations.

Yes ▼

6. The District reconciled total revenues, expenditures, expenses, and cash balances (as applicable) by fund, program, function, and object code at least at fiscal year-end with the CSS, and the reconciliation was reviewed and properly supported.

Yes ▼

Cash and revenue

Objective: To determine whether the District maintained controls over cash transactions to safeguard monies, protect employees involved in handling monies from accusations of misuse, and reduce the risk of theft or loss. Test work for cash and revenue should document how the processes work, employees involved in those processes, and how the processes were verified.

1. The District maintained only authorized bank accounts as listed in the USFR and did not have any inactive bank accounts.

Yes ▼

No inactive or unauthorized bank accounts.

2. The District used an M&O Fund revolving bank account in accordance with [A.R.S. §15-1101](#).

Yes

3. The District used miscellaneous receipts clearing bank account(s) in accordance with [A.R.S. §15-341\(A\)\(20\)](#).

No

The District did not clear the miscellaneous receipts clearing account to the County Treasurer on a monthly basis.

4. The District used a Food Service Fund clearing bank account(s) in accordance with [USFR page X-F-5](#) and [Arizona Attorney General Opinion I60-35](#)

No

The District did not clear the food service clearing account to the County Treasurer on a monthly basis.

5. The District used a Food Service Fund revolving bank account in accordance with [A.R.S. §15-1154](#).

N/A

No account.

6. The District used an Auxiliary Operations Fund bank account in accordance with [A.R.S. §15-1126](#).

N/A

No account.

7. The Auxiliary Operations Fund bank or treasurer account deposits included all monies raised in connection with the activities of school bookstores and athletics. [A.R.S. §15-1125](#).

Yes

Population

33

Sample

5

8. The extracurricular activities fees tax credit (tax credit) monies were included in the Auxiliary Operations Fund and/or separately accounted for in an Extracurricular Activities Fees Tax Credit Fund. [A.R.S. §15-341\(A\)\(19 and \(20\)\)](#).

Yes ▼

9. The District used the Auxiliary Operations Fund revolving bank account(s) in accordance with [A.R.S. §15-1126](#).

N/A ▼

No account.

10. The District used the Student Activities Fund bank account(s) in accordance with [A.R.S. §15-1122](#).

Yes ▼

11. The Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account.

Yes ▼

12. The District used the Student Activities Fund revolving bank account in accordance with [A.R.S. §15-1124](#).

N/A ▼

No account.

13. The District used the federal payroll tax withholdings bank account in accordance with [USFR page VI-H-6](#).

Yes ▼

14. The District used the State income tax withholdings bank account in accordance with [A.R.S. §15-1222](#).

Yes ▼

15. The District used the employee insurance programs withholdings bank account(s) in accordance with [A.R.S. §15-1223](#).

Yes ▼

16. The District used the payroll direct deposits clearing bank account in accordance with [A.R.S. §15-1221](#).

N/A ▼

No account.

17. The District used the electronic payments clearing bank account in accordance with [A.R.S. §15-1221](#).

N/A ▼

No account.

18. The District used the grants and gifts to teachers bank account in accordance with [A.R.S. §15-1224](#).

N/A ▼

No account.

19. The District used the principals' supplies bank account(s) in accordance with [A.R.S. §15-354](#).

N/A ▼

No account.

20. The use of debit cards was prohibited as a payment method associated with any District bank account.

Yes ▼

21. The District paid bank charges from only the M&O Fund revolving bank account, Food Service Fund revolving bank account, Auxiliary Operations Fund bank account, and Auxiliary Operations Fund revolving bank account(s) or, if not, the bank charges were reimbursed from an appropriate District fund or bank account.

Yes ▼

22. The District separated responsibilities for cash-handling and recordkeeping among employees (i.e., receiving, depositing, and recording revenues), to safeguard monies.

Yes ▼

23. The District supported deposits with issued receipts, cash receipt summary reports, mail logs, etc., and reconciled sales to amounts collected with summary reports or ticket logs.

No ▼

For one of five student activities cash receipts reviewed, the sales summary report did not reconcile to the deposit.

Sample

15

24. The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.

No ▼

For four of five auxiliary operations cash receipts reviewed, the cash was not deposited in a timely manner.

Sample

15

25. The District's deposits with the county treasurer were reconciled.

Yes ▼

26. The District retained supporting documentation for disbursements from bank accounts.

Sample

27. The District safeguarded unused checks.

28. The District safeguarded signature stamps, signature plates, and electronic or digital signatures used for approving accounting transactions, checks, and other District documents to ensure that access was limited to only the employee whose signature they represented.

29. An employee not involved with cash-handling or issuing checks reconciled all District bank accounts monthly, and an employee independent of the cash-handling process reviewed, signed, and dated the reconciliations.

30. The District tracked and reconciled the number of meals sold to the total cash collected per day.

Supplies inventory

Objective: To determine whether the District has controls in place to help physically safeguard and report inventories to prevent theft, overstocking, understocking, spoilage, and obsolescence.

1. The District physically safeguarded supply inventories to prevent unauthorized use, theft, damage, and obsolescence and enable accurate financial reporting.

Yes ▼

Property control

Objective: To determine whether the District has effective controls to safeguard property from theft and misuse since significant resources are invested in acquiring and maintaining District property. Test work should be completed on a sample basis annually and documented to ensure that land, buildings, and equipment are properly valued, classified, and reported on the stewardship and capital assets lists.

1. The District maintained a capital assets list that included all required information listed in the USFR for all land, land improvements, buildings, building improvements, and equipment with costs that exceed the District's adopted capitalization threshold.

Yes ▼

The capital asset listing was maintained in Visions.

2. The District had security controls in place to help prevent theft, loss, unauthorized use, or damage to District property.

Yes ▼

3. The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.

Yes ▼

4. The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold, including financed assets, included all required information.

Yes ▼

The stewardship listing was maintained in Visions.

5. The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.

Yes ▼

6. The District reconciled the current year's June 30 capital assets list to the previous year's June 30 list.

Yes ▼

7. The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion.

Yes ▼

Data Entry

Inventory and reconciliation: 10/12/2022

8. The governing board or authorized designee approved stewardship and capital asset items disposed of during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with [A.A.C R7-2-1131](#).

N/A ▼

The District did not dispose of any stewardship or capital asset items.

Data Entry

N/A

Expenditures

Objective: To determine whether the District has effective controls for expenditures in place to ensure expenditures are for an allowable District purpose. Test work should document processes and controls that demonstrate expenditure transactions are properly approved, are for an amount within budget capacity or available cash, and protect employees from allegations of misuse.

1. The District separated responsibilities for expenditure processing among employees (i.e., voucher preparation, recordkeeping, and authorization).

Yes ▼

2. The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in [A.R.S. §§15-207, 15-304, 15-907, and 15-916](#).

No ▼

For five of 45 disbursements reviewed, the purchase order was not prepared prior to the receipt of the goods or services.

3. The District's expenditures were made only for allowable District purposes, properly satisfied the specific purposes required for any restricted monies spent, and were adequately supported by documentation required by the USFR.

Yes ▼

Sample

75

4. The District's extracurricular activities fees tax credit monies were expended only for eligible activities that qualified under [A.R.S. §§43-1089.01 and 15-342\(24\)](#).

Yes ▼

Population

15

Sample

5

5. The District's Student Activities Fund disbursements and transfers of monies among student clubs were issued only when cash was available in the student club account and properly authorized by or on behalf of the student members of a particular club and documented in the club minutes.

Yes ▼

6. The District's expenditures made through written quotes or competitively awarded contracts, including cooperative contracts, agreed to quoted amounts or contract pricing and terms.

Yes ▼

7. The District prepared an Advice of Encumbrance for levy funds based on the list of liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the CSS by July 18. [A.R.S. §15-906](#) (Districts authorized by [A.R.S. §15-914.01](#) to participate in the accounting responsibility program should perform the duties as described in [A.R.S. §15-304](#).)

Yes ▼

8. The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for career and technical education and to supplement, rather than supplant, the District's base year career and technical education courses. [A.R.S. §15-393](#)

N/A ▼

No CTED revenues.

9. The District retained fully executed copies of each intergovernmental agreement (IGA) and payments for services were made or received, as applicable. [A.R.S. §11-952](#)

Yes ▼

Travel

Objective: To determine whether the District implemented effective controls to ensure employees were traveling for District purposes and appropriately compensated.

1. The District's travel expenditures (lodging, meals, and incidentals) and mileage reimbursements were for District purposes and reimbursed within the maximum reimbursement amounts established by the Director of the Arizona Department of Administration and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred.

Population

Sample

Credit cards and p-cards

Objective: To determine whether the District has implemented effective controls over credit card and p-card purchases to help reduce the risk of misuse and unapproved or fraudulent transactions.

1. The District used credit cards.

Data Entry

2. The District used p-cards.

Data Entry

3. The District ensured different employees were responsible for issuing cards; requesting, authorizing, and executing purchases; and payment processing.

4. The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures.

Yes ▼

5. The District recovered cards immediately from terminated employees.

Yes ▼

6. The District's management periodically reviewed purchases for unauthorized vendors and purchases over approved limits and/or purchases that circumvent the procurement rules and District policies.

Yes ▼

7. The District ensured someone other than a card user reconciled credit card and p-card supporting documentation and billing statements.

Yes ▼

8. The District's card purchases were only for authorized District purposes, within the dollar limits authorized for the employee, and supported by valid receipts or transaction logs that clearly identify the employee making the purchase.

Yes ▼

9. The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.

Yes ▼

Procurement

Objective: To determine whether the District followed the A.A.C. (School District Procurement Rules) and USFR purchasing guidelines to promote fair and open competition among vendors that helps ensure the District is getting the best value for the public monies it spends.

1. The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.

Population

Sample

2. The District properly procured expenditures that individually or cumulatively totaled over \$100,000.

3. The District maintained a list of prospective bidders. A.A.C. R7-2-1023

4. The District issued solicitations for invitation for bids (IFB) or request for proposals (RFP) during the fiscal year.

5. The District published and, as applicable, provided other adequate notice of the issuance of solicitations. A.A.C. R7-2-1022, R7-2-1024(C), or R7-2-1042(C)

Yes ▼

Population

1

Sample

1

Data Entry

1 RFP

6. The District issued solicitations at least 14 days before the time and date set for bid opening or the closing date and time for receipt of bids or proposals. A.A.C. R7-2-1024(A) or R7-2-1042(B)

Yes ▼

7. The District included all required content in the solicitation, as applicable. A.A.C. R7-2-1024(B) or R7-2-1042(A)

Yes ▼

8. The District recorded the time and date that sealed bids or proposals were received and stored bids or proposals unopened until the time and date set for opening. A.A.C. R7-2-1029 or R7-2-1045

Yes ▼

9. If the District awarded multiple contracts, it established and followed procedures for the use and award of multiple contracts. A.A.C. R7-2-1031(D) and R7-2-1050(C)

N/A ▼

No multiple awards.

10. The District evaluated bids/proposals and awarded contracts according to A.A.C. R7-2-1031, R7-2-1032, R7-2-1046(A)(1), or R7-2-1050 and retained documentation to support the award(s).

Yes ▼

11. If the District procured construction projects that used construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders lists to procure construction services, it complied with the requirements of A.A.C. R7-2-1100 through R7-2-1115.

Yes ▼

12. The District obtained signed procurement disclosure statements for all employees with job responsibilities related to procurement and for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process. A.A.C. R7-2-1008 and R7-2-1015

Yes ▼

13. The District prepared the applicable written determinations as required by the specific procurement rule(s). A.A.C. R7-2-1004.

Yes ▼

14. The District followed [A.R.S. §15-213](#), and A.A.C. R7-2-1093 for the use of multi-term contracts.

Yes ▼

15. The District followed A.A.C. R7-2-1117 through R7-2-1123 for contracts for specified professional services.

Yes ▼

16. The District's procurement files included the required information, as applicable. A.A.C. R7-2-1001(97)

Yes ▼

17. The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. [A.R.S. §15-213\(N\)](#) and A.A.C. R7-2-1003

No ▼

The District did not provide training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more.

18. The District used only school district purchasing cooperatives contracts from cooperatives it was a member of or used only lead district contracts that it was listed as a member of in the solicitation or ensured its additional purchases would not have materially increased the volume stated in the original solicitation. A.A.C. R7-2-1191 through R7-2-1195

Yes ▼

19. The District performed due diligence to support the use of each cooperative or lead district contract the District made purchases from during the audit period. A.A.C. R7-2-1191(D)

Yes ▼

Population

146

Sample

13

Data Entry

1GPA (Paradise Valley USD), SAVE (Washington ESD, Dysart USD, Phoenix UHS), GPPCS (Kyrene ESD), N

20. The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative. A.A.C. R7-2-1004 and A.R.S. §15-213(B)

Yes ▼

21. The District, when acting as a lead district in a procurement, followed the procurement procedures required for competitive sealed bidding or competitive sealed proposals, as applicable, and considered the total estimated volume of purchases for all public procurement units identified in the solicitation. A.A.C. R7-2-1011

N/A

District did not act as lead.

Population

0

Sample

0

Data Entry

N/A

22. For all emergency procurements, the District retained a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and this statement was signed by the individual authorized to initiate emergency procurements. A.A.C. R7-2-1055 and R7-2-1056

N/A

No emergency procurements.

Sample

0

23. The District's governing board approved all sole-source procurements before any purchases were made, and the written determinations were retained in the procurement files. A.A.C. R7-2-1053 and R7-2-1086

Yes

Sample

10

24. For any purchase of services from governing board members or goods or services from District employees, regardless of the expenditure amount, the District followed the School District Procurement Rules, except as authorized by [A.R.S. §15-323](#).

N/A

No such purchases.

25. The District followed the School District Procurement Rules for purchases of any supplies, materials, and equipment from governing board members if the purchase exceeded \$100,000, or followed the guidelines for written quotes if below the threshold. [A.R.S. §38-503\(C\)](#)

N/A

No such purchases.

26. For purchases the District made from General Services Administration (GSA) schedules 70-IT and 84-Law Enforcement, the governing board first authorized the contracts in writing. [A.R.S. §15-213\(K\)](#) and A.A.C. R7-2-1196(C)

N/A

No such purchases.

Classroom site fund

Objective: To determine whether the District appropriately spent these State sales tax revenues for teacher pay and programs to support students, such as class size reduction, dropout prevention, and tutoring, as allowed by law.

1. The District's Classroom Site Fund (CSF) expenditures did not exceed its Classroom Site Fund Budget Limit (CSFBL).

Yes

2. The District adopted a performance-based compensation system for at least a portion of its CSF monies and ensured CSF expenditures were made only for allowable purposes listed in [A.R.S §15-977](#). See [CSF FAQs](#).

Yes

3. The District's CSF monies were used to supplement, rather than supplant, existing funding from all other sources (see CSF FAQ 3).

Yes

Payroll

Objective: To determine whether the District has implemented effective controls to reduce the risks associated with payroll expenditures by documenting evidence of review, verification, and approval to ensure employees are appropriately compensated.

1. The District's payroll-processing responsibilities (i.e., adding new employees, adjusting pay, payroll preparation, payroll authorization, and warrant distribution) were separated among employees.

Yes ▼

2. The District established a delayed payroll system for hourly employees that did not delay payments more than 7 business days during its normal 2-week payroll processing cycle and allowed adequate time for payroll adjustments to be made, if needed, between the end of the pay period and the payment date.

Yes ▼

3. The District required employees' contracts or personnel/payroll action forms to document the employees' election for prorated compensation.

Yes ▼

4. The District ensured any adjustments to pay for employees who received prorated wage payments during the year were based on each employee's official rate of pay.

N/A ▼

No hourly employees receive prorated payments.

Population

0

Sample

0

5. The District ensured hourly employees were not paid for more than the actual hours worked to date.

Yes ▼

Population

137

Sample

5

6. The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4.

No ▼

For four of five employee personnel files reviewed, determined the District did not maintain the required documents. Three employees were missing a Loyalty Oath, one employee was missing a background investigation form, and one employee was missing a fingerprint clearance card.

7. The District ensured that valid fingerprint clearance cards were on file for all required personnel and a method to identify employees whose cards were going to expire was in place. [A.R.S. §§15-512, 15-342, and 41-1750\(G\)](#)

Yes ▼

8. The District enrolled employees who met the ASRS membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the ASRS Employer Manual.

Yes ▼

9. The District accurately calculated and in a timely manner remitted the alternative contribution rate payments to ASRS for all applicable positions filled by ASRS retirees. [ASRS Alternate Contribution Rate](#)

Yes ▼

10. The District calculated the accrual and use of vacation, sick leave, and compensatory time for all employees in accordance with District accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon separation of employment following District policies.

Yes ▼

11. Attendance records were prepared for each pay period for each employee subject to the Fair Labor Standards Act (FLSA) and were approved by the employee and the employee's supervisor.

Yes ▼

12. The District's payroll reports were properly reviewed and approved before processing and distribution to employees.

Yes ▼

Financial reporting

Objective: To determine whether the District properly prepared its financial reports, including its Annual Financial Report (AFR), for the audit year to provide legislative and oversight bodies, investors and creditors, and the public a transparent view of the District's financial position and operational results.

1. Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.

No ▼

Budgeted expenditures reported on the AFR did not agree to the District's final revised expenditure budget for Funds 374, 390 and 691.

2. The District completed and submitted all parts of the AFR reporting package, including the school-level reporting AFR, using its accounting data in the files and reported additional information required in the forms, such as revenue and expenditure amounts that were not automatically pulled from its accounting and student count data, and maintained applicable supporting documentation. [A.R.S. §15-904\(E\)](#).

Yes ▼

3. The District followed the AFR—[A.R.S. §15-904](#), and followed the [Review, Submission, and Publication Instructions](#).

Yes ▼

4. The District properly prepared the Food Service page of the AFR and reported expenditures from the M&O Fund 001 and Capital Fund 610 that agreed with the District's accounting records.

Yes ▼

5. Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.

Yes ▼

6. The District's website included its average teacher salary information required by [A.R.S. §15-903\(E\)](#) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report

Yes ▼

7. The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely. [A.R.S. §15-941](#) and [School Finance Reports](#)

Yes ▼

Student attendance reporting

Objective: To determine whether the District has implemented effective controls to report accurate student membership and attendance information to ADE to reduce the risk that the District received an inappropriate amount of State aid and/or local property taxes.

1. The District's calendar ensured school was in session for the required days and offered students the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in [A.R.S. §§15-808\(J\)\(1\), 15-901\(A\)\(1\), 15-901.07, and 15-901.08](#)

Yes

2. If the District had an early (pre-) kindergarten program, the District calculated and submitted membership information for early (pre-) kindergarten students' attendance records for this program only for students with disabilities. [A.R.S. §15-901\(A\)\(1\)\(a\)\(i\)](#) and [USFR Memorandum No. 175](#)

Yes

Sample

3

3. The District appropriately tracked and reported student membership and absences. [A.R.S. §15-901](#)

No

For two of 10 student attendance records reviewed, the District calculated absences incorrectly, resulting in a net overstatement of .50 absence.

Population

2582

Sample

10

Data Entry

10 EJH

4. The District prorated high school students' membership if enrolled in less than 4 subjects.

N/A

No high school students.

Sample

0

5. The District was a CTED or CTED member.

N/A

District is not a CTED or CTED member.

6. The District had an AOI program. [A.R.S. §15-808](#)

Yes

7. For students enrolled in a program provided by a CTED in a facility the District owned or operated (satellite programs), the District reported the actual enrollment for only the District classes the student was enrolled in at the District's school (excluding CTED program classes) under the District's CTDS number.

N/A

Population

0

Sample

0

8. For students enrolled in a program the CTED provided in a facility the District owned or operated (satellite programs), the District calculated student absences in accordance with ADE's methods based on the number of District classes the student was enrolled in and attended at the District's school (excluding CTED satellite program classes).

N/A

Sample

0

9. For CTED satellite programs, the CTED reported actual student enrollment data for only the CTED program classes the student was enrolled in at that member district's satellite location (excluding school district classes). [A.R.S. §15-393\(O\)](#)

N/A

Sample

0

10. For CTEDs that meet for at least 150 minutes (not including any breaks) per class period on a CTED central campus, the CTED reported the membership as 0.75. [A.R.S. §15-393\(Q\)](#)

N/A

Sample

0

11. For students enrolled in both District and in CTED central program courses, the sum of the ADM was no more than 1.75 and the amount claimed by either entity was no more than 1.0. [A.R.S. §15-393\(Q\)](#)

N/A

Sample

0

12. The District maintained appropriate documentation and accurately reported students enrolled in CTED programs, including accurately submitting scheduled hours of instruction and community college credits. [A.R.S. §15-393](#)

N/A

Sample

0

13. The District maintained appropriate documentation and accurately reported students enrolled in its AOI program, including redetermining the actual full time equivalent (FTE) for each student enrolled in an AOI program following a student's withdrawal or after the end of the school year. [A.R.S. §15-808](#)

No

For all five AOI student attendance records reviewed, the District did not maintain FTE enrollment statements or re-determine FTE upon withdrawal or at the end of the school year.

Sample

5

14. The District ensured the student's name in the student management system matched the name on the legal document on file. [A.R.S. §15-828\(D\)](#).

Sample

15. The entry date in the computerized attendance system agreed to the entry form and was entered into the attendance system within 5 working days after the actual date of the student's enrollment. [A.R.S. §15-828](#).

Population

Sample

16. The student membership begins on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school. [ADE's External Guideline GE-17](#)

17. The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its AOI program. [A.R.S. §15-802\(B\)\(1\)](#) and [ADE's Updated Residency Guidelines](#)

18. The District reported student withdrawal dates to ADE within 5 working days and maintained documentation that supported the date of data entry.

Yes ▼

Population

154

Sample

10

19. The District prepared and retained the Official Notice of Pupil Withdrawal form for each withdrawal, and the forms were signed by a District administrator. [A.R.S. §15-827](#)

Yes ▼

20. The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. [A.R.S. §15-901\(A\)\(1\)](#)

Yes ▼

Population

14

Sample

10

21. The District uploaded membership and absence information to ADE that agreed to the District's computerized system records for the first 100 days of school. [A.R.S. §15-901](#)

Yes ▼

22. The District excluded nonresident students from the District's student count and State aid calculations and charged tuition as applicable. [A.R.S. §15-823\(G\) and \(L\)](#)

Yes ▼

23. The District reported students who completed all high school requirements with the applicable graduation code and used the appropriate year-end status code for all other students.

N/A

No high school.

Sample

0

24. For students participating in distance learning, the District followed attendance procedures defined in a governing-board-adopted ITM.

N/A

No such students.

Information technology

Objective: To determine whether the District adopted an information technology (IT) security framework that aligned with credible industry standards and implemented controls that provide reasonable assurance that its data is accurate and reliable and protected from unintended exposure and consequences. Test work should determine that the District adopted a framework and controls were operating to protect District and student data.

1. The District maintained adequate separation of duties in its IT systems that prevented 1 employee from completing a transaction without additional review and approval procedures.

No

The District has two employees who have full access to all significant Visions modules. The District also provided full access to its food service software to multiple staff members, including the person responsible for preparing the food service deposits.

2. The District reviewed and documented any system or software changes implemented.

Yes

3. The District assessed security risks for its systems and data, implemented appropriate controls to address risks, and provided employees/contractors annual security awareness training.

Yes

4. The District immediately and appropriately modified terminated or transferred employees', contractors', or vendors' access to all District systems.

Yes ▼

5. The District's computer network, system software and hardware was physically protected from unauthorized access, theft, and environmental hazards.

Yes ▼

6. The District scheduled and performed data backup-control procedures for all critical systems at least daily, or more frequently, to ensure uninterrupted operations and minimal loss of data.

Yes ▼

7. The District routinely completed software and application updates and operating system patches when they became available.

Yes ▼

8. The District had cloud computing, digital learning, and vendor contracts or data-sharing agreements in place with any 3rd parties accessing or hosting District data that addressed controls to support security and processing integrity, and backup procedures if applicable, before data was accessed/shared.

Yes ▼

9. The District ensured changes to data in business (i.e., employee information, pay rates) and IT (i.e., user roles, access rights) systems were approved by an authorized individual prior to processing changes.

Yes ▼

10. The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards.

No



We noted opportunities for the District to improve policies and procedures over password security as follows. 1) There are no password strength requirements or automatic screen locks for the NutriKids software. 2) The District did not have lockouts for repeated failed sign on attempts for Synergy and NutriKids.

11. The District's IT systems generated electronic audit trail reports or change logs with information about electronic transactions that the District reviewed or analyzed regularly to determine transactions' propriety.

Yes



12. The District monitored and reviewed IT system-generated incident or error reports to identify network security threats or other unusual activity and addressed noted issues.

Yes



13. The District had incident response and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.

Yes



Transportation support

Objective: To determine whether the District has implemented effective controls for its transportation program to ensure it properly reports its transportation miles and student riders to ADE, which helps to ensure the District receives the appropriate amount of State aid.

1. The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. [A.R.S. §15-922](#)

Yes



Records management

Objective: To determine whether the District has implemented effective controls to properly protect and maintain its records, including student and employee data, and that its records were disposed of securely and in accordance with established time frames.

1. The District established and followed policies and procedures to properly protect, maintain, and dispose of personally identifiable information and confidential records, such as student and employee information and social security numbers. www.azlibrary.gov/records

Yes ▼

General long-term debt

Objective: To determine whether the District is following the laws related to bonds to ensure voters are informed and the District complies with the bond covenants.

1. The District calculated and issued any bonds in accordance with Arizona Revised Statutes and the Arizona Constitution. [A.R.S. §15-1021](#)

N/A ▼

No bonds were issued during the year.

2. The District expended bond proceeds only for voter-authorized purposes and not for items with useful lives less than the average life of the bonds issued or 5 years. [A.R.S. §15-1021\(F\)](#)

Yes ▼

3. If the District had outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board transferred the remaining balance to the Debt Service Fund. Otherwise, if the District had no outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board used the remaining balance to reduce taxes. [A.R.S. §15-1024\(B\)](#)

N/A ▼

Bond Building Fund still active.

4. The District credited interest or other money earned from investing bond proceeds to the Debt Service Fund unless the voters authorized the interest to be credited to the Bond Building Fund or federal laws or rules require the interest to be used for capital expenditures.

[A.R.S. §15-1024\(C\)](#)

Yes



All noted instances of any noncompliance with USFR requirements have been included in the CQ.

Preparer (AUDIT FIRM Representative)


Eric S. Taylor, CPA, CGFM

Title

Partner

Date

03/22/2024



Tolleson Elementary School District No. 17
Single Audit Report
Year Ended June 30, 2023

Tolleson Elementary School District No. 17
Single Audit Report
For the Year Ended June 30, 2023

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9
Auditee Response	
Cover Letter	11
Corrective Action Plan	12
Summary Schedule of Prior Audit Findings	13

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

Governing Board
Tolleson Elementary School District No. 17

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tolleson Elementary School District No. 17, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Tolleson Elementary School District No. 17’s basic financial statements, and have issued our report thereon dated March 20, 2024. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tolleson Elementary School District No. 17’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tolleson Elementary School District No. 17’s internal control. Accordingly, we do not express an opinion on the effectiveness of Tolleson Elementary School District No. 17’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tolleson Elementary School District No. 17's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 20, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Governing Board
Tolleson Elementary School District No. 17

Report on Compliance for Each Major Federal Program
Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited Tolleson Elementary School District No. 17’s compliance with the types of compliance requirements identified as subject to the audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tolleson Elementary School District No. 17’s major federal programs for the year ended June 30, 2023. Tolleson Elementary School District No. 17’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tolleson Elementary School District No. 17 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tolleson Elementary School District No. 17 and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tolleson Elementary School District No. 17’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Tolleson Elementary School District No. 17's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on Tolleson Elementary School District No. 17's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Tolleson Elementary School District No. 17's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Tolleson Elementary School District No. 17's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tolleson Elementary School District No. 17's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tolleson Elementary School District No. 17's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Tolleson Elementary School District No. 17's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Tolleson Elementary School District No. 17's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance, that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Tolleson Elementary School District No. 17's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Tolleson Elementary School District No. 17's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tolleson Elementary School District No. 17 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Tolleson Elementary School District No. 17's basic financial statements. We issued our report thereon dated March 20, 2024, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Scottsdale, Arizona

March 20, 2024

Tolleson Elementary School District No. 17
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal/Pass-Through/Agency</u>	<u>AL</u> <u>Number</u>	<u>Federal Award</u> <u>Number</u>	<u>Expenditures</u> <u>and Transfers</u>	<u>Total</u> <u>Expenditures</u> <u>and Transfers</u>
<u>U.S. Department of Agriculture</u>				
Passed through Arizona Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	7AZ300AZ3	\$ 387,212	\$
National School Lunch Program	10.555	7AZ300AZ3	1,280,075	
National School Lunch Program	10.555	6AZ300400	121,095	
COVID-19 National School Lunch Program	10.555	7AZ300AZ3	39,253	
Summer Food Service Program for Children	10.559	7AZ300AZ3	<u>1,315,629</u>	
Total Child Nutrition Cluster				3,143,264
Child and Adult Care Food Program	10.558	7AZ300AZ3		854,820
COVID-19 Pandemic EBT Administrative Costs	10.649	7AZ300AZ3		<u>2,285</u>
Total U.S. Department of Agriculture				<u>4,000,369</u>
<u>U.S. Department of Education</u>				
Passed through Arizona Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220003		703,536
Special Education Cluster:				
Special Education Grants to States	84.027	H027A220007	637,522	
COVID-19 Special Education Grants to States	84.027X	H027X210007	55,865	
Special Education Preschool Grants	84.173	H173A220003	1,845	
COVID-19 Special Education Preschool Grants	84.173X	H173X210003	<u>7,087</u>	
Total Special Education Cluster				702,319
Twenty-First Century Community Learning Centers	84.287	S287C220003		355,912
English Language Acquisition State Grants	84.365A	S365A220003		114,265
Supporting Effective Instruction State Grants	84.367	S367A220049		138,865
COVID-19 Education Stabilization Fund	84.425D	S425D210038	362,830	
COVID-19 Education Stabilization Fund	84.425U	S425U210038	3,542,081	
COVID-19 Education Stabilization Fund	84.425W	S425W210003	<u>28,439</u>	
Total ALN 84.425				<u>3,933,350</u>
Total U.S. Department of Education				<u>5,948,247</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through Public Consulting Group, Inc.:				
Medicaid Cluster:				
Medical Assistance Program	93.778	N/A		<u>58,498</u>
Total Expenditures of Federal Awards				<u>\$ 10,007,114</u>

Tolleson Elementary School District No. 17
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Tolleson Elementary School District No. 17 under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Indirect Cost Rate

The auditee did not use the de minimis indirect cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**Tolleson Elementary School District No. 17
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: Yes

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Programs or Clusters</u>
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: Yes

Summary Schedule of Prior Audit Findings required to be reported: Yes

Tolleson Elementary School District No. 17
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2023-001

Repeat Finding: No

Program Name/Assistance Listing Title: Education Stabilization Grant

Assistance Listing Number: 84.425U

Federal Agency: U.S. Department of Education

Federal Award Number: S425U210038

Pass-Through Agency: Arizona Department of Education

Questioned Costs: N/A

Type of Finding: Noncompliance, Significant Deficiency

Compliance Requirement: Special Tests and Provisions

Criteria

All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC §§3141-3144, 3146, and 3147).

Condition

The District did not determine whether laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds were paid equal to or in excess of the prevailing wage rate for the locality.

Cause

The District was unaware prevailing wage rate requirements applied to its construction contract.

Effect

The District did not comply with the special tests and provisions requirements of the grant.

Context

The District did not establish a wage determination and did not perform any prevailing wage rate compliance monitoring procedures in connection with the construction of the Field of Dreams project. The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

The District should review Federal requirements over prevailing wage rates, develop policies and procedures, and ensure those developed policies and procedures are implemented.

Views of Responsible Officials

See Corrective Action Plan.



Tolleson Elementary School District No. 17

9261 W. Van Buren • Tolleson, AZ 85353

(623) 533-3900 • FAX (623) 533-3934

The Governing Board

Anthony J. Aponte

Roberta A. Garcia

Tida M. Garcia

Belinda Quezada

Samuel A. Quezada, Jr.

Superintendent

Dr. Lupita Hightower

March 20, 2024

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Anita Percell
Executive Director of Business Services

**Tolleson Elementary School District No. 17
Corrective Action Plan
Year Ended June 30, 2023**

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2023-001

Program Name/Assistance Listing Title: Education Stabilization Grant

Assistance Listing Number: 84.425U

Contact Person: Anita Percell, Executive Director of Business Services

Anticipated Completion Date: June 30, 2024

Planned Corrective Action: The District agrees with the recommendation to review federal requirements over prevailing wage rates and develop policies and procedures to ensure compliance with the Davis-Bacon Act. In addition, the district will seek training pertaining to federally funded procurement and develop procedures to ensure we stay in compliance.

**Tolleson Elementary School District No. 17
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: FS-2022-001

Status: Fully corrected.

Status of Findings and Questioned Costs Related to Federal Awards

Finding Number: 2022-001

Program Name/Assistance Listing Title: Education Stabilization Fund

Assistance Listing Number: 84.425

Status: Fully corrected.