

MESA UNIFIED SCHOOL DISTRICT NO. 4

MESA, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024



Mesa Unified School District No. 4

Mesa, Arizona

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024**

Issued by:
Financial Services Department

Mesa Unified School District No. 4

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Introductory Section

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Mesa Public Schools
63 East Main Street
Mesa, Arizona 85201-7422
(480) 472-0201
www.mpsaz.org

December 19, 2024

Citizens and Governing Board
Mesa Unified School District No. 4
63 East Main Street #101
Mesa, Arizona 85201-7422

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 Mesa Unified School District No. 4 (District) for the fiscal year ended June 30, 2024.

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, 2024, 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, 2024, 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 fifty-eight public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade 12, with an estimated current enrollment of 56,461 students. This is a slight decline from the prior year's K-12 student enrollment.

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The Mesa Unified School District No. 4 Employee Benefit Trust, a component unit, is a legally separate entity for which the primary government is financially accountable and is therefore combined with the District for financial statement presentation purposes. Furthermore, the component unit combined with the District for financial statement purposes and the District are not included in any other governmental entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore and athletic functions.

The District is located in the south-central portion of Maricopa County and encompasses an area of approximately 200 square miles. Mesa, the principal city within the District, is located approximately 12 miles southeast of Phoenix, the state capital. Light rail and bus systems provide regional accessibility through public transportation. Despite challenging economic times, the city has successfully advanced its H.E.A.T. (healthcare, education, aerospace, tourism/technology) initiative. Banner Health, the largest city employer, is home to the renowned MD Anderson Cancer Center. Several private liberal arts colleges have established campuses in Mesa, alongside ASU Polytechnic, Mesa Community College and ASU's Sidney Poitier New American Film School, expanding postsecondary education opportunities in the area. The Boeing Company, AZLabs and Phoenix-Mesa Gateway Airport form an epicenter of aerospace research, development and production. From the internationally recognized Mesa Arts Center to the Cubs Stadium and several youth-focused museums, entertainment venues draw local visitors and travelers at ever-increasing rates.

With a population of more than 511,648 Mesa, Arizona is the 36th largest city in the United States and second largest in the Phoenix-Mesa metro area. Mesa encompasses 138 square miles (357 square kilometers) inside a 24-city region that has a population of 4.8 million people and is projected to grow to 5.2 million by 2027.

The District comprises 6 comprehensive high schools, 10 junior high schools, 51 elementary schools and 15 choice/success schools. The District employs more than 7,700 full-time and part-time equivalent staff, which includes approximately 4,000 certified staff. The District has been recognized nationally for its outstanding educational programs and low costs in administering those programs. The District's award-winning neighborhood schools include 21 National Blue Ribbon Schools, 57 America's Healthiest Schools from the Alliance for a Healthier Generation, and 12 A+ Schools of Excellence from the Arizona Educational Foundation.

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 permit the adopted expenditure budget to be revised annually. The District additionally exercises management control and oversight of the budget at the fund level. The District may have over expenditures of budgeted funds as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budget 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. Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,225 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 due to population size and the 14th in land area. Maricopa County has a very wide range of economic sectors.

Service is still the largest employment sector in the County, partly fueled by the tourist industry. Maricopa County has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category, employing over a quarter million people.

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

The recently opened Arizona State University Media and Immersive eXperience (MIX) Center is a joint project between the City of Mesa and Arizona State University that will house the Herberger Institute of Design and the Arts academic programs related to digital and sensory technology, entrepreneurial support, experience design, film production, and immersive media. The nearly 118,000-square-foot building is expected to draw more than 750 ASU students, faculty and staff to downtown Mesa. Large program areas include an enhanced-immersion studio, four sound stages, a 280-seat screening theater and an 80-seat screening room.

A few of the major companies represented in the metropolitan area include The Boeing Company, Banner Health Systems, Mesa Public Schools, Empire Southwest, and City of Mesa. In addition, the metropolitan area continues to provide excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, one state university, and one private university.

Long-term Financial Planning. Prior to the pandemic, the District had experienced 3 years of relatively consistent enrollment, despite a maturing population and an increasingly competitive education market. During the pandemic, the District's student enrollment decreased, but stabilized in the 2022 and 2023 school years, before experiencing decreases in the 2024 and 2025 school years. Approximately 74 percent of children who live in district boundaries attend Mesa Public Schools.

In addition to strong neighborhood elementary and junior high schools and comprehensive high schools, the District offers a variety of programs to meet the needs of every student. From preschool, Montessori and traditional, to International Baccalaureate, STEM, Advancement via Individual Determination (AVID) and Advanced Placement, parents and students can choose the opportunities that best fulfill their aspirations. Students benefit from stellar career and technical education offerings as well as award-winning creative and performing arts programs. Its Graduation Plus program gives all MPS students the opportunity to not only graduate high school with a diploma, but also build a portfolio of work that ensures they are truly college, career and community ready.

In fiscal year 2023-24, the District received reimbursements of \$10,178,711 in building renewal funds from the School Facilities Board (SFB). The SFB administers these funds through a grant application process to allow school districts to repair and upgrade buildings and grounds. However, there are limited funds available statewide.

The renovation/remodeling of existing schools are occurring at various schools throughout the District with the use of proceeds from the 2018 bond authorization. These include remodeling front offices with additional safety features, upgrading performing arts areas, and installing intercoms and emergency lighting.

On November 6, 2018, the voters of the District authorized \$300,000,000 in General Obligation Bonds. The bonds were used for technology, facility repairs and renovations and to purchase new buses. In April 2022, the District made a final bond sale of \$95,000,000. As of June 30, 2024, the District had spent \$281,642,461 of the authorized \$300,000,000. In November 2023, the community also approved the continuation of a 15% maintenance & operations budget increase that was initially approved in 2019.

Awards and Acknowledgments

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the 2023 fiscal year. This was the 38th 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 2023 fiscal year for the 38th consecutive year. 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 that ended June 30, 2024 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 Financial Services and Audit Services departments. 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. Andi Furlis
Superintendent of Schools



Scott Thompson
Assistant Superintendent of Business and Support



Ken Alexander, CPA
Chief Financial Officer

2023-2024 GOVERNING BOARD



Marcie Hutchinson
President



Dr. Joe O'Reilly
Clerk



Courtney Davis
Member



Kiana Maria Sears
Member



Rachel Walden
Member

2023-2024 SUPERINTENDENCY



Dr. Andi Furlis
*Superintendent
of Schools*



Holly Williams
Associate Superintendent



Scott Thompson
*Assistant Superintendent
Business and Support Services*



Kacey King
General Counsel



Arlinda Mann
*Assistant Superintendent
Elementary West Area*



Monica Mesa
*Assistant Superintendent
Elementary East Area*



Dr. Randy Mahlerwein
*Assistant Superintendent
Secondary 7th – 12th*



Justin Wing
*Assistant Superintendent
Human Resources*



Dr. Tracy Yslas
*Assistant Superintendent
Teaching & Learning*
Page 7



Theresa Baca
*Assistant Superintendent
Special Education*

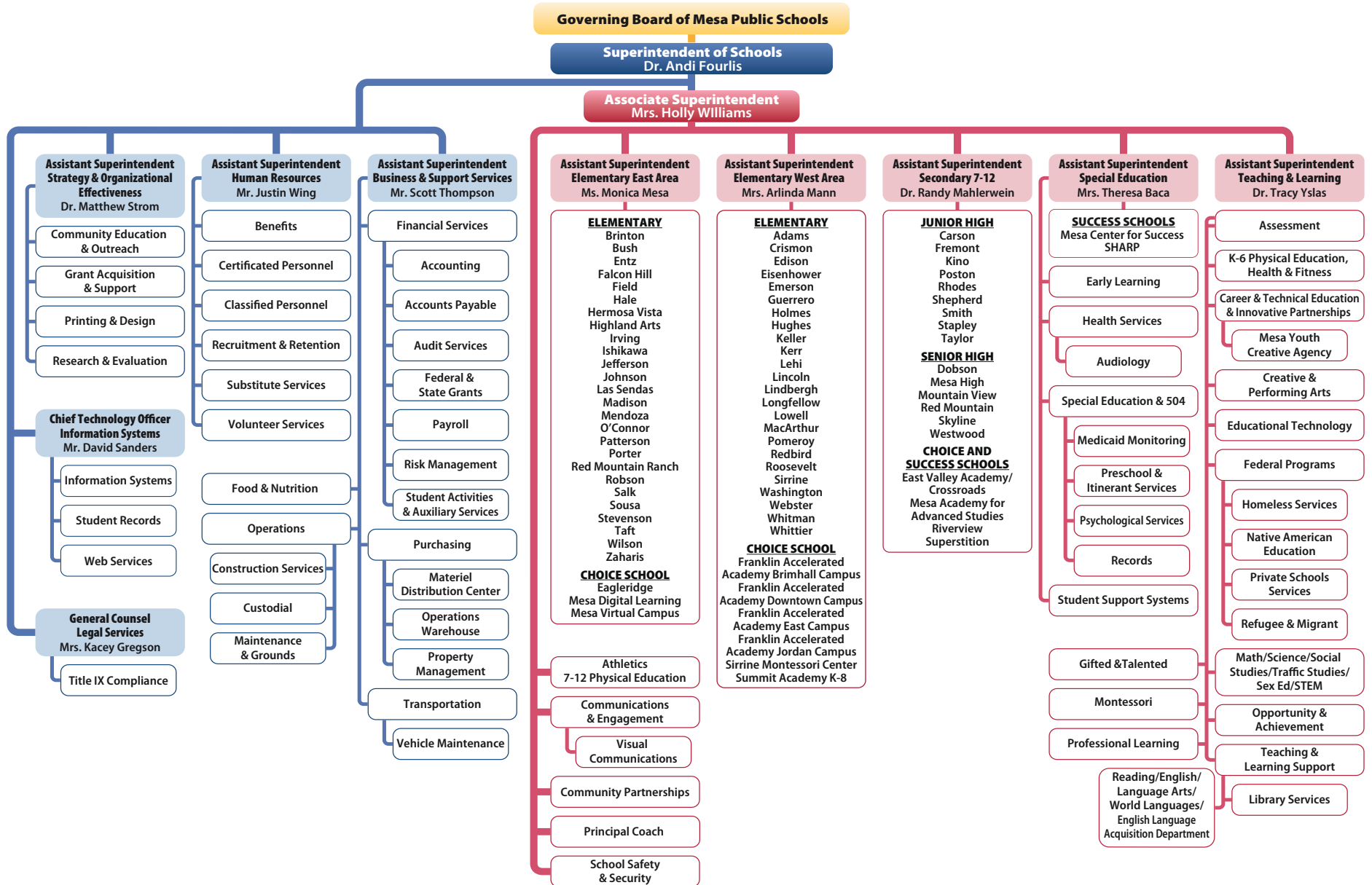


David Sanders
Chief Technology Officer



Dr. Matthew Strom
*Assistant Superintendent
Strategy & Organizational
Effectiveness*

MESA PUBLIC SCHOOLS 2023-24 ORGANIZATIONAL CHART





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Mesa Unified School District No. 4

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Mesa Unified School District No. 4
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section

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Independent Auditor's Report

Governing Board
Mesa Unified School District No. 4

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 Mesa Unified School District No. 4 (District), as of and for the year ended June 30, 2024, 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 Mesa Unified School District No. 4, as of June 30, 2024, 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 Mesa Unified School District No. 4 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.

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, and 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 December 19, 2024, on our consideration of Mesa Unified School District No. 4'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 Mesa Unified School District No. 4'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 Mesa Unified School District No. 4's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 19, 2024

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

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Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

As management of the Mesa Unified School District No. 4 (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, 2024. 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 \$76.0 million which represents a 34 percent increase from the prior fiscal year. This was a result of an increase in unrestricted state aid due to an increase in the base level support amount.
- General revenues accounted for \$690.7 million in revenue, or 78 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$193.0 million or 22 percent of total current fiscal year revenues.
- The District had approximately \$807.6 million in expenses related to governmental activities, a decrease of less than one percent from the prior fiscal year.
- Among major funds, the General Fund had \$558.8 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$561.5 million in expenditures. The General Fund's fund balance increase from \$101.7 million at the prior fiscal year end to \$102.3 million at the end of the current fiscal year was primarily due to the increase in state aid base level support.
- Net position for the Internal Service Funds decreased \$479,387 from the prior fiscal year. Operating revenues of \$60.2 million were less than operating expenses of \$62.3 million at the end of the current fiscal year.

Overview of Financial Statements

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

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

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.

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

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, Classroom Site, Federal and State Grants, and Debt Service Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The District maintains one type of proprietary fund. The internal service funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its employee benefit trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The Employee Benefit Trust, although a legally separate component unit, functions for all employees of the District, and therefore has been included as an internal service fund. Other internal service funds include (1) the Workers' Compensation Fund which accounts for the financial activity associated with the District's self-insurance program for employee workers' compensation and (2) the Property and Casualty Insurance Fund which accounts for the financial activity associated with the District's self-insurance program for property and casualty losses. Because these activities predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

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

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Overview of Financial Statements

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$297.6 million at the current fiscal year end.

A large 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.

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Government-Wide Financial Analysis

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2024 and June 30, 2023.

	As of June 30, 2024	As of June 30, 2023
Current and other assets	\$ 458,525,125	\$ 437,939,394
Capital assets, net	727,300,942	684,254,092
Total assets	<u>1,185,826,067</u>	<u>1,122,193,486</u>
Deferred outflows	<u>75,520,873</u>	<u>94,807,736</u>
Current and other liabilities	52,619,997	48,031,407
Long-term liabilities	874,911,583	924,691,163
Total liabilities	<u>927,531,580</u>	<u>972,722,570</u>
Deferred inflows	<u>36,167,037</u>	<u>22,659,286</u>
Net position:		
Net investment in capital assets	445,177,287	380,898,329
Restricted	154,552,566	124,431,869
Unrestricted	(302,081,530)	(283,710,832)
Total net position	<u>\$ 297,648,323</u>	<u>\$ 221,619,366</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position however, unrestricted net position was in a deficit position. Unrestricted net position, which is normally used to meet the District's ongoing obligations reported a deficit of \$302.1 million. The deficit is due to the District's proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

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

- The principal retirement of \$47.8 million of bonds.
- The addition of \$88.5 million in capital assets through school and administrative building and land improvements and purchases of vehicles, furniture and equipment.
- The increase of \$4.4 million in pension liabilities and an increase in related deferred inflows of \$13.5 million.

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

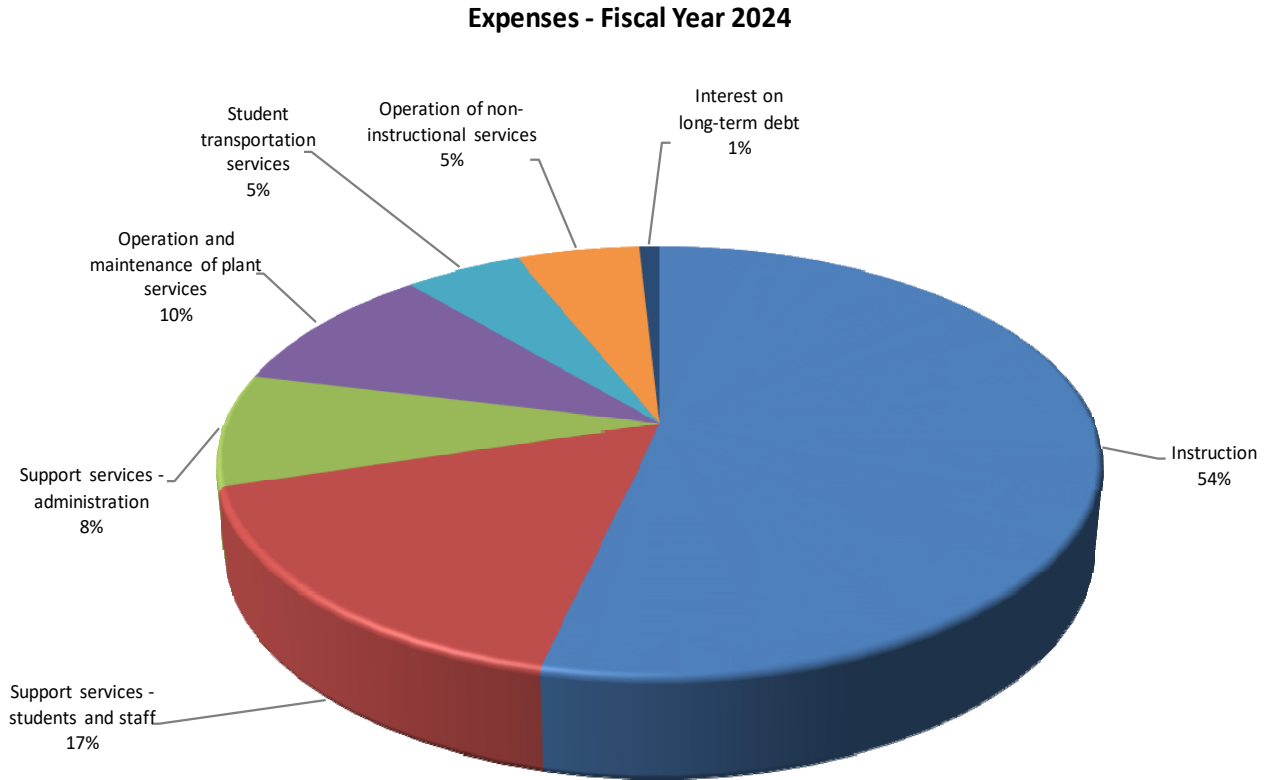
Government-Wide Financial Analysis

Changes in net position. The District's total revenues for the current fiscal year were \$883.7 million. The total cost of all programs and services was \$807.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
Revenues:		
Program revenues:		
Charges for services	\$ 32,513,596	\$ 32,556,135
Operating grants and contributions	115,589,533	156,565,080
Capital grants and contributions	44,896,599	51,570,769
General revenues:		
Property taxes	249,404,113	243,016,965
Investment income	7,366,230	6,534,971
Unrestricted state aid	418,572,775	389,858,127
Unrestricted federal aid	15,331,001	7,781,573
Total revenues	<u>883,673,847</u>	<u>887,883,620</u>
Expenses:		
Instruction	433,102,887	436,887,925
Support services - students and staff	135,527,088	132,966,176
Support services - administration	67,482,239	62,533,860
Operation and maintenance of plant services	80,343,265	77,117,644
Student transportation services	41,066,037	45,182,452
Operation of non-instructional services	43,262,563	44,966,186
Interest on long-term debt	6,860,811	8,745,748
Total expenses	<u>807,644,890</u>	<u>808,399,991</u>
Changes in net position	<u>76,028,957</u>	<u>79,483,629</u>
Net position, beginning	<u>221,619,366</u>	<u>142,135,737</u>
Net position, ending	<u><u>\$ 297,648,323</u></u>	<u><u>\$ 221,619,366</u></u>

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Government-Wide Financial Analysis



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

- Decrease of \$41.0 million in operating grants and contributions as funding for COVID-related grants draws to an end.
- Increase of \$28.7 million in unrestricted state aid due to an increase in the base level support amount per student.
- Increase of \$7.5 million in unrestricted federal aid primarily due to an increase in receipts received for Medicaid fee for service programs.

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.

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Government-Wide Financial Analysis

	Year Ended June 30, 2024		Year Ended June 30, 2023	
	Total	Net (Expense)/ Revenue	Total	Net (Expense)/ Revenue
	Expenses		Expenses	
Instruction	\$ 433,102,887	\$(299,500,171)	\$ 436,887,925	\$(270,504,687)
Support services - students and staff	135,527,088	(130,678,592)	132,966,176	(123,343,392)
Support services - administration	67,482,239	(66,490,601)	62,533,860	(61,635,046)
Operation and maintenance of plant services	80,343,265	(71,447,619)	77,117,644	(58,769,355)
Student transportation services	41,066,037	(40,790,852)	45,182,452	(44,533,356)
Operation of non-instructional services	43,262,563	1,123,484	44,966,186	(176,423)
Interest on long-term debt	6,860,811	(6,860,811)	8,745,748	(8,745,748)
Total	<u>\$ 807,644,890</u>	<u>\$(614,645,162)</u>	<u>\$ 808,399,991</u>	<u>\$(567,708,007)</u>

- The cost of all governmental activities this year was \$807.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$193.0 million.
- Net cost of governmental activities of \$614.6 million was financed by general revenues, which are made up of primarily property taxes of \$249.4 million and state aid of \$418.6 million. Investment earnings accounted for \$7.4 million of funding.

Financial Analysis of the District's Funds

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$231.3 million, a decrease of \$14.7 million, primarily due to the spending of bond proceeds received in a prior year.

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Financial Analysis of the District's Funds

The General Fund comprises 44 percent of the total fund balance. Approximately \$96.2 million, or 94 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance from \$101.7 million to \$102.3 million as of fiscal year end was primarily a result of an increase unrestricted state aid due to an increase in the base level support amount.

Fund balance in the Classroom Site Fund increased \$4.9 million primarily due to the per pupil funding amount received from the state.

Fund balance in Federal and State Grants increased \$1.7 million primarily due to the timing of grant reimbursements.

Fund balance in the Debt Service Fund increased \$1.3 million due to changes in debt service requirements.

Proprietary funds. Net position of the Internal Service Funds at the end of the fiscal year amounted to \$60.1 million. The decrease of \$479,387 from the prior fiscal year was primarily due to an increase in claims expense.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in legislative allowances. The difference between the original budget and the final amended budget was an decrease of \$3.1 million, or one percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The largest variance between the actual expenditures and the final budget occurred as result of including carryforward amounts in the instruction line item. In addition, the District was able to use various COVID-19 relief monies received from the federal government to offset normal maintenance and operation expenditures. As a result, there were favorable variances of \$27.2 million and \$4.1 million in the instruction and support services – students and staff line items, respectively.

Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$1.5 billion 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 \$86.4 million from the prior fiscal year, primarily due to renovations of several District sites. Total depreciation expense for the current fiscal year was \$44.7 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2024 and June 30, 2023.

	As of June 30, 2024	As of June 30, 2023
Capital assets - non-depreciable	\$ 102,590,963	\$ 86,383,802
Capital assets - depreciable, net	624,709,979	597,870,290
Total	<u>\$ 727,300,942</u>	<u>\$ 684,254,092</u>

The estimated cost to complete current construction projects is \$52.0 million.

Additional information on the District's capital assets can be found in Note 7.

Debt Administration. At year-end, the District had \$295.7 million in long-term debt outstanding, \$52.8 million due within one year. Long-term debt decreased by \$53.3 million due to the District meeting debt service requirements.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$2.1 billion and the Class B debt limit is \$1.4 billion, which are more than the District's total outstanding general obligation and Class B debt, respectively. There were no changes in the credit rating of the District's outstanding bonds.

Additional information on the District's long-term debt can be found in Notes 10 and 11.

**Mesa Unified School District No. 4
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024**

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 2024-25 budget. Among them:

- Fiscal year 2023-24 budget balance carry-forward (estimated \$44.0 million).
- District student population is estimated to decline by 964 average daily membership.
- Additional state funding for teacher pay.

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 less than one percent to \$532.6 million in fiscal year 2024-25, which is not significant. State aid and property taxes are expected to be the primary funding sources.

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 Financial Services Department, Mesa Unified School District No. 4, 63 East Main Street, Suite 101, Mesa, Arizona 85201-7422.

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Basic Financial Statements

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Government-Wide Financial Statements

Mesa Unified School District No. 4
Statement of Net Position
June 30, 2024

	Governmental
	Activities
Assets	
Current assets:	
Cash and investments	\$ 310,816,337
Deposits	2,113,055
Accounts receivable	1,717,118
Property taxes receivable	6,933,914
Due from governmental entities	102,337,107
Prepaid items	2,507,738
Inventory	5,050,662
Leases receivable	8,623,636
Total current assets	<u>440,099,567</u>
Noncurrent assets:	
Net other postemployment benefit plan assets	18,425,558
Capital assets not being depreciated	102,590,963
Capital assets, net accumulated depreciation	624,709,979
Total noncurrent assets	<u>745,726,500</u>
Total assets	<u>1,185,826,067</u>
Deferred outflows of resources	
Pension plan items	74,258,686
Other postemployment benefit plan items	1,262,187
Total deferred outflows of resources	<u>75,520,873</u>
Liabilities	
Current liabilities:	
Accounts payable	25,399,375
Claims payable	5,246,000
Claims and judgments payable	11,323,372
Accrued payroll and employee benefits	3,581,577
Unearned revenues	866,254
Compensated absences payable	2,613,917
Bonds payable	52,845,000
Accrued interest payable	6,203,419
Total current liabilities	<u>108,078,914</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	819,452,666
Total noncurrent liabilities	<u>819,452,666</u>
Total liabilities	<u>927,531,580</u>
Deferred inflows of resources	
Pension plan items	19,759,905
Other postemployment benefit plan items	8,167,589
Leases	8,239,543
Total deferred inflows of resources	<u>36,167,037</u>
Net position	
Net investment in capital assets	445,177,287
Restricted for:	
Instruction	86,977,617
Food service	23,286,961
Non-instructional purposes	14,066,126
Debt service	6,864,965
Capital outlay	4,931,339
Other postemployment benefit plan assets	18,425,558
Unrestricted	(302,081,530)
Total net position	<u>\$ 297,648,323</u>

Mesa Unified School District No. 4
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Position
					Governmental
					Activities
Governmental activities					
Instruction	\$ 433,102,887	\$ 15,237,332	\$ 79,359,957	\$ 39,005,427	\$ (299,500,171)
Support services - students and staff	135,527,088	604,620	4,243,876		(130,678,592)
Support services - administration	67,482,239	483,978	507,660		(66,490,601)
Operation and maintenance of plant services	80,343,265	1,855,891	1,148,583	5,891,172	(71,447,619)
Student transportation services	41,066,037		275,185		(40,790,852)
Operation of non-instructional services	43,262,563	14,331,775	30,054,272		1,123,484
Interest on long-term debt	6,860,811				(6,860,811)
Total governmental activities	<u>\$ 807,644,890</u>	<u>\$ 32,513,596</u>	<u>\$ 115,589,533</u>	<u>\$ 44,896,599</u>	<u>(614,645,162)</u>
General revenues					
Property taxes					249,404,113
Investment income					7,366,230
Unrestricted state aid					418,572,775
Unrestricted federal aid					15,331,001
Total general revenues					<u>690,674,119</u>
Changes in net position					76,028,957
Net position, beginning of year					<u>221,619,366</u>
Net position, end of year					<u>\$ 297,648,323</u>

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Fund Financial Statements

Mesa Unified School District No. 4

Balance Sheet
Governmental Funds
June 30, 2024

			Federal and State	
	General	Classroom Site	Grants	Debt Service
Assets				
Cash and investments	\$ 44,639,599	\$ 47,833,996	\$ 2,063,553	\$ 63,737,711
Accounts receivable	126,366			
Property taxes receivable	4,758,241			2,175,673
Due from governmental entities	75,046,757		17,128,792	
Due from other funds	2,800,094			
Prepaid items	2,507,738			
Inventory	3,564,031			
Leases receivable	8,623,636			
Total assets	<u>\$ 142,066,462</u>	<u>\$ 47,833,996</u>	<u>\$ 19,192,345</u>	<u>\$ 65,913,384</u>
Liabilities				
Accounts payable	\$ 7,753,112	\$	\$ 8,267,200	\$
Claims and judgments payable	11,323,372			
Due to other funds				
Accrued payroll and employee benefits	2,878,212		426,085	
Unearned revenues			298,819	
Bonds payable				52,845,000
Bond interest payable				6,203,419
Total liabilities	<u>21,954,696</u>	<u></u>	<u>8,992,104</u>	<u>59,048,419</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	3,049,921			1,627,411
Unavailable revenues - intergovernmental	6,520,498		16,926,532	
Leases	8,239,543			
Total deferred inflows of resources	<u>17,809,962</u>	<u></u>	<u>16,926,532</u>	<u>1,627,411</u>
Fund balances				
Nonspendable	6,071,769			
Restricted		47,833,996		5,237,554
Unassigned	96,230,035		(6,726,291)	
Total fund balances	<u>102,301,804</u>	<u>47,833,996</u>	<u>(6,726,291)</u>	<u>5,237,554</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 142,066,462</u>	<u>\$ 47,833,996</u>	<u>\$ 19,192,345</u>	<u>\$ 65,913,384</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 89,183,621	\$ 247,458,480
1,020,496	1,146,862
	6,933,914
10,161,558	102,337,107
	2,800,094
	2,507,738
1,486,631	5,050,662
	8,623,636
<u>\$ 101,852,306</u>	<u>\$ 376,858,493</u>
\$ 8,694,955	\$ 24,715,267
	11,323,372
2,800,094	2,800,094
277,280	3,581,577
567,435	866,254
	52,845,000
	6,203,419
<u>12,339,764</u>	<u>102,334,983</u>
	4,677,332
6,902,401	30,349,431
	8,239,543
<u>6,902,401</u>	<u>43,266,306</u>
1,486,631	7,558,400
85,284,312	138,355,862
(4,160,802)	85,342,942
<u>82,610,141</u>	<u>231,257,204</u>
<u>\$ 101,852,306</u>	<u>\$ 376,858,493</u>

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Mesa Unified School District No. 4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances - governmental funds **\$ 231,257,204**

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	\$ 1,543,179,469	
Less accumulated depreciation/amortization	<u>(815,878,527)</u>	
		727,300,942

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

Property taxes	4,677,332	
Intergovernmental	<u>30,349,431</u>	
		35,026,763

The net OPEB asset is not a current financial resource and, therefore, is not reported in the funds		18,425,558
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Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions/OPEB	75,520,873	
Deferred inflows of resources related to pensions/OPEB	<u>(27,927,494)</u>	
		47,593,379

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.		60,111,060
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(20,704,594)	
Bonds payable	(242,870,744)	
Net pension liability	<u>(558,491,245)</u>	
		<u>(822,066,583)</u>

Net position of governmental activities **\$ 297,648,323**

Mesa Unified School District No. 4
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Classroom Site	Federal and State Grants	Debt Service
Revenues				
Other local	\$ 10,000,087	\$ 1,267,725	\$ 374,845	\$ 222,815
Property taxes	179,632,403			64,576,158
State aid and grants	353,800,363	50,669,262	5,158,318	
Federal aid, grants and reimbursements	<u>15,331,001</u>		<u>115,368,861</u>	
Total revenues	<u>558,763,854</u>	<u>51,936,987</u>	<u>120,902,024</u>	<u>64,798,973</u>
Expenditures				
Current:				
Instruction	287,080,729	45,724,267	29,196,007	
Support services - students and staff	84,737,703	1,236,192	39,072,199	
Support services - administration	52,055,119		5,630,952	
Operation and maintenance of plant services	74,427,289		277,648	
Student transportation services	29,452,722		2,028,534	
Operation of non-instructional services	1,025,392	30,015	2,375,232	
Capital outlay	32,691,770		39,005,427	
Debt service:				
Principal retirement				52,845,000
Interest and fiscal charges				<u>12,408,938</u>
Total expenditures	<u>561,470,724</u>	<u>46,990,474</u>	<u>117,585,999</u>	<u>65,253,938</u>
Excess (deficiency) of revenues over expenditures	<u>(2,706,870)</u>	<u>4,946,513</u>	<u>3,316,025</u>	<u>(454,965)</u>
Other financing sources (uses)				
Transfers in	3,141,502			1,791,294
Transfers out			(1,603,134)	
Proceeds from sale of capital assets	<u>121,355</u>			
Total other financing sources (uses)	<u>3,262,857</u>		<u>(1,603,134)</u>	<u>1,791,294</u>
Changes in fund balances	<u>555,987</u>	<u>4,946,513</u>	<u>1,712,891</u>	<u>1,336,329</u>
Fund balances, beginning of year, previously reported	101,745,817	42,887,483	(8,439,182)	3,901,225
Adjustments to beginning fund balances				
Fund balances, beginning of year, as restated	<u>101,745,817</u>	<u>42,887,483</u>	<u>(8,439,182)</u>	<u>3,901,225</u>
Fund balances, end of year	<u>\$ 102,301,804</u>	<u>\$ 47,833,996</u>	<u>\$ (6,726,291)</u>	<u>\$ 5,237,554</u>

Bond Building	Non-Major Governmental Funds	Total Governmental Funds
	\$ 30,964,012	\$ 42,829,484
	2,899,853	247,108,414
	14,429,965	424,057,908
	<u>29,690,580</u>	<u>160,390,442</u>
	<u>77,984,410</u>	<u>874,386,248</u>
	12,134,512	374,135,515
	4,154,757	129,200,851
	588,846	58,274,917
	1,219,270	75,924,207
	1,204,718	32,685,974
	37,787,443	41,218,082
	40,818,775	112,515,972
		52,845,000
		<u>12,408,938</u>
	<u>97,908,321</u>	<u>889,209,456</u>
	<u>(19,923,911)</u>	<u>(14,823,208)</u>
		4,932,796
	(3,329,662)	(4,932,796)
		<u>121,355</u>
	<u>(3,329,662)</u>	<u>121,355</u>
	<u>(23,253,573)</u>	<u>(14,701,853)</u>
45,683,108	60,180,606	245,959,057
<u>(45,683,108)</u>	<u>45,683,108</u>	
	<u>105,863,714</u>	<u>245,959,057</u>
<u>\$</u>	<u>\$ 82,610,141</u>	<u>\$ 231,257,204</u>

Mesa Unified School District No. 4
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, 2024

Changes in fund balances - total governmental funds **\$ (14,701,853)**

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	\$ 88,515,781	
Less current year depreciation/amortization	<u>(44,703,405)</u>	
		43,812,376

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

Property taxes	2,295,699	
Intergovernmental	<u>5,210,773</u>	
		7,506,472

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. 52,845,000

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

Current year pension contributions/OPEB contributions	53,488,823	
Pension expense/OPEB expense	<u>(72,051,327)</u>	
		(18,562,504)

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.

Loss on disposal of assets	(765,526)	
Amortization of deferred bond items	5,548,127	
Compensated absences	<u>826,252</u>	
		5,608,853

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. (479,387)

Changes in net position in governmental activities **\$ 76,028,957**

Mesa Unified School District No. 4
Statement of Net Position
Proprietary Funds
June 30, 2024

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 63,357,857
Deposits	2,113,055
Accounts receivable	570,256
Total current assets	<u>66,041,168</u>
Liabilities	
Current liabilities:	
Accounts payable	684,108
Claims payable	5,246,000
Total current liabilities	<u>5,930,108</u>
Net position	
Unrestricted	<u>60,111,060</u>
Total net position	<u><u>\$ 60,111,060</u></u>

Mesa Unified School District No. 4
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Governmental Activities Internal Service Funds
Operating revenues	
Other local	\$ 4,549,303
Contributions	55,639,054
Total operating revenues	<u>60,188,357</u>
Operating expenses	
Claims	52,656,756
Adjustment to prior year claims reserves	(1,996,229)
Premiums	4,618,932
Administrative fees	2,613,317
Other	4,434,740
Total operating expenses	<u>62,327,516</u>
Operating income (loss)	<u>(2,139,159)</u>
Nonoperating revenues (expenses)	
Investment income	1,659,772
Total nonoperating revenue (expenses)	<u>1,659,772</u>
Changes in net position	(479,387)
Net position, beginning of year	<u>60,590,447</u>
Net position, end of year	<u><u>\$ 60,111,060</u></u>

Mesa Unified School District No. 4
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Governmental Activities Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from contributions	\$ 55,375,544
Cash received from other sources	4,549,303
Cash payments to suppliers for goods and services	(10,325,825)
Cash payments for claims	(52,656,756)
Net cash provided by/used for operating activities	(3,057,734)
Cash flows from investing activities	
Investment income	1,659,772
Net cash provided by/used for investing activities	1,659,772
Net increase/decrease in cash and cash equivalents	(1,397,962)
Cash and cash equivalents, beginning of year	64,755,819
Cash and cash equivalents, end of year	\$ 63,357,857
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ (2,139,159)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in deposits	(17,292)
Increase/decrease in accounts receivable	(263,510)
Increase/decrease in prepaid items	1,045,428
Increase/decrease in accounts payable	313,028
Increase/decrease in claims payable	(1,996,229)
Total adjustments	(918,575)
Net cash provided by/used for operating activities	\$ (3,057,734)

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Mesa Unified School District No. 4 (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.

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the component unit combined with the District for financial statement presentation purposes, and the District, are not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore, and athletic functions.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Mesa Unified School District No. 4 Employee Benefit Trust is responsible for providing health insurance for the District employees. The District's Governing Board appoints the Trust's Board of Directors. The Mesa Unified School District No. 4 Employee Benefit Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB. Financial statements for the component unit may be obtained at the Mesa Unified School District No. 4's administrative offices, 63 East Main Street, Suite 101, Mesa, Arizona 85201-7422.

B. Government-Wide and Fund Financial Statements

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

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

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

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

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

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

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

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The District reports the following major governmental funds:

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

Classroom Site Fund – The Classroom Site Fund accounts for the financial activity for the portion of state sales tax collections and permanent state school fund earnings.

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

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.

Additionally, the District reports the following fund types:

Proprietary Funds – The Proprietary Funds are Internal Service Funds that account for activities related to the District’s self-insurance programs.

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

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

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

D. Cash and Investments

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

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

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

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. 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.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

E. Investment Income

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

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

H. Inventory

Inventories of the General Fund are stated at cost using the weighted average or first-in, first-out method, depending on type of inventory. The inventories of the Food Service and Other Special Revenue Funds are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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 or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Land improvements	7 – 50 years
Buildings and improvements	10 – 50 years
Vehicles, furniture and equipment	2 – 25 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

L. Compensated Absences

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

M. Leases

As lessor, the District recognizes lease receivables with an initial, individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses an interest rate based on the Applicable Federal Rate as the discount rate to measure lease receivables.

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.

O. Long-term Obligations

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

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

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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.

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.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 2 – Fund Balance Classifications

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. Assigned fund balance represents the intended uses established by the Assistant Superintendent of Business and Support Services or the Chief Financial Officer who have been delegated the authority to assign fund balance by the policy adopted by the Governing Board.

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

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

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

	General	Classroom Site	Federal and State Grants	Debt Service	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 3,564,031	\$	\$	\$	\$ 1,486,631
Prepaid items	2,507,738				
Restricted:					
Debt service				5,237,554	
Capital projects					4,931,339
Bond building projects					18,919,213
Voter approved initiatives		47,833,996			7,947,195
Food service					21,858,954
Civic center					2,272,601
Community schools					10,778,168
Extracurricular activities					3,579,292
Career technical education					6,591,265
Gifts and donations					3,581,944
Student activities					3,620,125
Other purposes					1,204,216
Unassigned	96,230,035		(6,726,291)		(4,160,802)
Total fund balances	<u>\$ 102,301,804</u>	<u>\$ 47,833,996</u>	<u>\$ (6,726,291)</u>	<u>\$ 5,237,554</u>	<u>\$ 82,610,141</u>

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balances – At year end, the Federal and State Grants Fund and the Other Capital Projects Fund, a non-major governmental fund, reported deficits of \$6,726,291 and \$4,160,802 in fund balance, respectively.

The deficits arose because of operations during the year and because of pending grant reimbursements. Additional revenues received in fiscal year 2024-25 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds 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 \$49,187,041 and the bank balance was \$46,874,716. At year end, \$46,124,716 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 and zero was uninsured and uncollateralized. In addition, the District had \$16,385 of cash on hand at year end.

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.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 4 – Cash and Investments

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	365 days	\$ 261,612,911

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.

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:

	<u>General</u>	<u>Federal and State Grants</u>	<u>Non-Major Governmental</u>
Due from other governmental entities:			
Due from federal government	\$ 1,415,828	\$ 16,742,705	\$ 746,511
Due from state government	73,630,929	386,087	6,038,971
Due from other districts			3,376,076
Net due from governmental entities	<u>\$ 75,046,757</u>	<u>\$ 17,128,792</u>	<u>\$ 10,161,558</u>

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 6 – Leases Receivable

The District acts as lessor in various agreements, most of which are for cell phone towers under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$955,530 and related interest revenue of \$21,824 are recorded as other local revenue in the General Fund.

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

Year Ending June 30:		
2025	\$	819,977
2026		785,160
2027		804,597
2028		800,137
2029		739,592
2030-34		2,757,915
2035-39		1,425,456
2040-44		495,509
2040-48		<u>143,077</u>
Total	\$	<u><u>8,771,420</u></u>

Note 7 – 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	\$ 34,237,589	\$	\$	\$ 34,237,589
Construction in progress	<u>52,146,213</u>	<u>55,928,769</u>	<u>39,721,608</u>	<u>68,353,374</u>
Total capital assets, not being depreciated	<u>86,383,802</u>	<u>55,928,769</u>	<u>39,721,608</u>	<u>102,590,963</u>
Capital assets, being depreciated:				
Land improvements	92,364,064	14,087,113	101,925	106,349,252
Buildings and improvements	1,167,790,627	40,587,845		1,208,378,472
Vehicles, furniture and equipment	<u>110,199,786</u>	<u>17,633,662</u>	<u>1,972,666</u>	<u>125,860,782</u>
Total capital assets being depreciated	<u>1,370,354,477</u>	<u>72,308,620</u>	<u>2,074,591</u>	<u>1,440,588,506</u>
Less accumulated depreciation for:				
Land improvements	(52,932,722)	(4,219,558)		(57,152,280)
Buildings and improvements	(664,650,127)	(33,675,698)		(698,325,825)
Vehicles, furniture and equipment	<u>(54,901,338)</u>	<u>(6,808,149)</u>	<u>(1,309,065)</u>	<u>(60,400,422)</u>
Total accumulated depreciation	<u>(772,484,187)</u>	<u>(44,703,405)</u>	<u>(1,309,065)</u>	<u>(815,878,527)</u>
Total capital assets, being depreciated, net	<u>597,870,290</u>	<u>27,605,215</u>	<u>765,526</u>	<u>624,709,979</u>
Governmental activities capital assets, net	<u>\$ 684,254,092</u>	<u>\$ 83,533,984</u>	<u>\$ 40,487,134</u>	<u>\$ 727,300,942</u>

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 7 – Capital Assets

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 36,475,223
Support services – students and staff	1,689,664
Support services – administration	2,319,505
Operation and maintenance of plant services	676,623
Student transportation services	3,219,425
Operation of non-instructional services	322,965
Total depreciation expense – governmental activities	<u>\$ 44,703,405</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the renovation of several school sites. At year end, the District had spent \$68,353,374 on the projects and had estimated remaining contractual commitments of \$51,969,236. These projects are being funded with bond proceeds, building renewal monies, and other funding sources.

Note 8 – Claims and Judgments Payable

During fiscal year 2023-24, the District received notice that the Qasimyar v. Maricopa County, Class Action Judgment had been finalized by the Tax Court. The District, along with all taxing districts in Maricopa County, was affected by the judgment. The Tax Court ruling spanned multiple tax years and, in most cases, resulted in a decrease to the Limited Property Value along with a corresponding refund to individual taxpayers.

As a result of the judgment, the County Treasurer's Office published the estimated financial impact for all taxing districts. This amount is reported as a claims and judgments payable in the District's General Fund. It is expected that the liability will be paid in the next fiscal year.

Although the District is responsible for repayment of the entire liability, due to the property tax formula the Arizona Department of Education will be recalculating basic state aid owed to the District, which is expected to be received in the next fiscal year. Any amounts expected to be received from the state are included in the due from governmental entities receivable.

Note 9 – Short Term Debt – Revolving Line of Credit

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$40.0 million in unused line of credit.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 10 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District's legal debt limit is \$2.1 billion, and the available margin is \$1.8 billion.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2024	Due Within One Year
Governmental activities:					
General obligation bonds:					
School Improvement Bonds, Project of 2012, Series C (2015)	\$ 35,000,000	3.50%	7/1/2024	\$ 5,745,000	\$ 5,745,000
School Improvement Bonds, Project of 2012, Series D (2016)	35,000,000	3.00%	7/1/24-25	8,235,000	4,055,000
School Improvement Bonds, Project of 2012, Series E (2017)	30,315,000	5.00%	7/1/24-26	12,640,000	4,010,000
School Improvement Bonds, Project of 2012, Series F (2018)	25,355,000	5.00%	7/1/24-27	15,445,000	3,585,000
School Improvement Bonds, Project of 2018, Series A (2019)	56,135,000	2.0-5.0%	7/1/24-28	41,335,000	7,525,000
School Improvement Bonds, Project of 2018, Series C (2020)	40,630,000	5.00%	7/1/25-29	40,630,000	
School Improvement Bonds, Project of 2018, Series D (2021)	48,140,000	5.00%	7/1/24-30	47,340,000	6,300,000
School Improvement Bonds, Project of 2018, Series E (2022)	83,135,000	5.00%	7/1/24-32	82,835,000	11,500,000
Private placement bonds:					
School Improvement Bonds, Project of 2018, Taxable Services B (2020)	30,000,000	1.00%	7/1/2024	10,125,000	10,125,000
Total				<u>\$ 264,330,000</u>	<u>\$ 52,845,000</u>

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

Year ending June 30:	Governmental Activities			
	General Obligation Bonds		Private Placement Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 42,720,000	\$ 11,340,650	\$ 10,125,000	\$ 48,094
2026	40,925,000	9,389,325		
2027	38,595,000	7,503,125		
2028	35,725,000	5,705,125		
2029	33,160,000	3,983,000		
2030-33	63,080,000	5,014,250		
Total	<u>\$ 254,205,000</u>	<u>\$ 42,935,475</u>	<u>\$ 10,125,000</u>	<u>\$ 48,094</u>

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 11 – 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	\$ 288,980,000	\$	\$ 34,775,000	\$ 254,205,000	\$ 42,720,000
Private placement bonds	23,125,000		13,000,000	\$ 10,125,000	10,125,000
Premium	36,933,871		5,548,127	31,385,744	
Total bonds payable	349,038,871		53,323,127	295,715,744	52,845,000
Net pension liability	554,121,446	4,369,799		558,491,245	
Compensated absences payable	21,530,846	4,788,660	5,614,912	20,704,594	2,613,917
Total long-term liabilities	<u>\$ 924,691,163</u>	<u>\$ 9,158,459</u>	<u>\$ 58,938,039</u>	<u>\$ 874,911,583</u>	<u>\$ 55,458,917</u>

Note 12 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other funds – At year end, the Other Capital Projects Fund, a non-major governmental fund, had a negative cash balance of \$2,800,094. 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	\$ 1,603,134	\$	\$ 1,603,134
Non-Major Governmental Funds	1,538,368	1,791,294	3,329,662
Total	<u>\$ 3,141,502</u>	<u>\$ 1,791,294</u>	<u>\$ 4,932,796</u>

Transfers between funds were used to move investment income and premium earned in the Bond Building Fund, a non-major governmental fund, that is required by statute to be expended in the Debt Service Fund, and to move federal grant funds restricted for indirect costs.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 13 – Contingent Liabilities

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

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

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

Note 14 – Restatements of Beginning Balances

Change within the Financial Reporting Entity – In the current fiscal year, there has been a change in major funds. The Bond Building Fund no longer meet the requirements of a major fund. The change is reflected on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances as a restatement to beginning of year fund balances.

The effect of the matter noted above resulted in adjustments to and restatements of beginning fund balances, as follows:

	June 30, 2023, As Previously Reported	Change within the Financial Reporting Entity	June 30, 2023, As Restated
Governmental Funds			
Major Funds:			
General Fund	\$ 101,745,817	\$	\$ 101,745,817
Classroom Site Fund	42,887,483		42,887,483
Federal and State Grants	(8,439,182)		(8,439,182)
Debt Service	3,901,225		3,901,225
Bond Building Fund	45,683,108	(45,683,108)	
Non-Major Governmental Funds	60,180,606	45,683,108	105,863,714
Total Governmental Funds	<u>\$ 245,959,057</u>	<u>\$</u>	<u>\$ 245,959,057</u>

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 15 – 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 established the following self-insurance funds.

The District has established a Property and Casualty Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to property and liability claims. Under this program, the Property and Casualty Fund provides coverage for up to a maximum of \$250,000 for each property claim and \$100,000 for each general liability claim.

The District has established a Workers' Compensation Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to claims for on-the-job injuries to employees. Under this program, the Workers' Compensation Fund provided coverage for all claims through June 30, 2023. For claims beginning July 1, 2023, the District made the decision to join 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 Alliance also took over all outstanding claims. Accordingly, there are no liabilities associated with the Workers' Compensation Fund as of year end.

The District has established an Employee Benefits Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health and accidents. Under this program, the Employee Benefits Fund provides coverage for up to a maximum of \$425,000 for each claim.

The District purchases commercial insurance for claims in excess of coverage provided by the Employee Benefits Fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The General Fund makes payments to the Property and Casualty and Workers' Compensation Funds based on actuarial estimates of the amounts needed to pay prior and current year claims. The employees of the General and Special Revenue Funds participate in the Employee Benefit Trust Fund. The District makes contributions and the employees make payments based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liabilities reported in the Funds at June 30, 2024, are based on the requirements established by GASB, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 15 – Risk Management

Changes in the claims liability amounts in fiscal years 2023-24 and 2022-23 were as follows:

	Claims Payable at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
<u>Employee Benefits Trust</u>				
2023-24	\$ 4,329,000	\$ 51,834,207	\$ 51,060,207	\$ 5,103,000
2022-23	4,522,000	41,773,979	41,966,979	4,329,000
<u>Workers' Compensation</u>				
2023-24	2,711,753	(2,408,047)	303,706	
2022-23	2,785,611	1,045,265	1,119,123	2,711,753
<u>Property and Casualty</u>				
2023-24	201,476	1,234,367	1,292,843	143,000
2022-23	379,509	785,260	963,293	201,476
<u>Total</u>				
2023-24	7,242,229	50,660,527	52,656,756	5,246,000
2022-23	7,687,120	43,604,504	44,049,395	7,242,229

The District expects all claims liabilities to be paid within one year.

The District is also a member of 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 for administrative practices liability, property, automobile, storage tank system third party liability and cleanup and excess liability. 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.

Note 16 – 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.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

Aggregate Amounts. At June 30, 2024, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB	Total
Net assets	\$	\$ 18,425,558	\$ 18,425,558
Net liability	558,491,245		558,491,245
Deferred outflows of resources	74,258,686	1,262,187	75,520,873
Deferred inflows of resources	19,759,905	8,167,589	27,927,494
Expense	83,086,823	(11,035,496)	72,051,327
Contributions	53,004,163	484,660	53,488,823

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.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 16 – 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 12.29 percent (12.14 percent for retirement and 0.15 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 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 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, 2024 were \$53,004,163.

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 9.99 percent (9.94 for retirement and 0.05 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, 2023. 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, 2022, to the measurement date of June 30, 2023. 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, 2023.

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, 2023, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2022 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 558,491,245	3.451	0.057

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, 2024 was \$83,086,823.

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,619,674	\$
Net difference between projected and actual earnings on pension investments		19,759,905
Changes in proportion and differences between contributions and proportionate share of contributions	8,634,849	
Contributions subsequent to the measurement date	53,004,163	
Total	<u>\$ 74,258,686</u>	<u>\$ 19,759,905</u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2025. 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:	
2025	\$ 3,242,303
2026	(20,587,542)
2027	21,295,336
2028	(2,455,479)

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
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

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

The actuarial assumptions used in the June 30, 2022 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
Public equity	44%	3.50%
Credit	23%	5.90
Interest rate sensitive	6%	1.50
Private equity	10%	6.70
Real estate	17%	5.90
Total	100%	

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

Mesa Unified School District No. 4
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 836,537,860	\$ 558,491,245	\$ 326,649,554

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.

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Required Supplementary Information

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Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2024

	<u>Budget</u>		<u>Non-GAAP</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 1,387,255	\$ 1,387,255
Property taxes			179,636,206	179,636,206
State aid and grants			305,065,435	305,065,435
Total revenues			<u>486,088,896</u>	<u>486,088,896</u>
Expenditures				
Current:				
Instruction	298,785,331	295,728,295	268,540,445	27,187,850
Support services - students and staff	80,975,427	80,975,427	76,837,190	4,138,237
Support services - administration	49,830,752	49,830,752	46,899,516	2,931,236
Operation and maintenance of plant services	69,143,802	69,143,802	71,794,738	(2,650,936)
Student transportation services	33,941,226	33,941,226	28,097,796	5,843,430
Operation of non-instructional services	1,756,722	1,756,722	820,626	936,096
Total expenditures	<u>534,433,260</u>	<u>531,376,224</u>	<u>492,990,311</u>	<u>38,385,913</u>
Excess (deficiency) of revenues over expenditures	<u>(534,433,260)</u>	<u>(531,376,224)</u>	<u>(6,901,415)</u>	<u>524,474,809</u>
Changes in fund balances	<u>(534,433,260)</u>	<u>(531,376,224)</u>	<u>(6,901,415)</u>	<u>524,474,809</u>
Fund balances, beginning of year			<u>38,646,421</u>	<u>38,646,421</u>
Fund balances, end of year	<u>\$ (534,433,260)</u>	<u>\$ (531,376,224)</u>	<u>\$ 31,745,006</u>	<u>\$ 563,121,230</u>

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2024

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 1,267,725	\$ 1,267,725
State aid and grants			50,669,262	50,669,262
Total revenues			51,936,987	51,936,987
Expenditures				
Current:				
Instruction	89,982,837	93,508,877	45,724,267	47,784,610
Support services - students and staff			1,236,192	(1,236,192)
Operation of non-instructional services			30,015	(30,015)
Total expenditures	89,982,837	93,508,877	46,990,474	46,518,403
Changes in fund balances	(89,982,837)	(93,508,877)	4,946,513	98,455,390
Fund balances, beginning of year			42,887,483	42,887,483
Fund balances, end of year	\$ (89,982,837)	\$ (93,508,877)	\$ 47,833,996	\$ 141,342,873

See accompanying notes to this schedule.

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 374,845	\$ 374,845
State aid and grants		5,158,318	5,158,318
Federal aid, grants and reimbursements		<u>115,368,861</u>	<u>115,368,861</u>
Total revenues		<u>120,902,024</u>	<u>120,902,024</u>
Expenditures			
Current:			
Instruction	26,150,356	29,196,007	(3,045,651)
Support services - students and staff	34,996,290	39,072,199	(4,075,909)
Support services - administration	5,043,546	5,630,952	(587,406)
Operation and maintenance of plant services	248,684	277,648	(28,964)
Student transportation services	1,816,923	2,028,534	(211,611)
Operation of non-instructional services	2,127,454	2,375,232	(247,778)
Capital outlay	<u>34,936,483</u>	<u>39,005,427</u>	<u>(4,068,944)</u>
Total expenditures	<u>105,319,737</u>	<u>117,585,999</u>	<u>(12,266,262)</u>
Excess (deficiency) of revenues over expenditures	<u>(105,319,737)</u>	<u>3,316,025</u>	<u>108,635,762</u>
Other financing sources (uses)			
Transfers out		<u>(1,603,134)</u>	<u>(1,603,134)</u>
Total other financing sources (uses)		<u>(1,603,134)</u>	<u>(1,603,134)</u>
Changes in fund balances	<u>(105,319,737)</u>	<u>1,712,891</u>	<u>107,032,628</u>
Fund balances, beginning of year		<u>(8,439,182)</u>	<u>(8,439,182)</u>
Fund balances, end of year	<u>\$ (105,319,737)</u>	<u>\$ (6,726,291)</u>	<u>\$ 98,593,446</u>

Mesa Unified School District No. 4
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
District's proportion of the net pension (assets) liability	3.45%	3.40%	3.33%	3.27%
District's proportionate share of the net pension (assets) liability	\$ 558,491,245	\$ 554,121,446	\$ 438,021,553	\$ 567,135,119
District's covered payroll	\$ 449,323,884	\$ 403,902,231	\$ 374,232,584	\$ 357,406,437
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	124.30%	137.19%	117.05%	158.68%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 53,004,163	\$ 53,559,407	\$ 48,508,658	\$ 43,598,096
Contributions in relation to the actuarially determined contribution	<u>53,004,163</u>	<u>53,559,407</u>	<u>48,508,658</u>	<u>43,598,096</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 440,599,859	\$ 449,323,884	\$ 403,902,231	\$ 374,232,584
Contributions as a percentage of covered payroll	12.03%	11.92%	12.01%	11.65%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
3.22%	3.14%	3.22%	3.40%	3.35%	3.47%
\$ 468,531,459	\$ 437,623,830	\$ 502,205,200	\$ 548,313,154	\$ 521,547,061	\$ 513,793,450
\$ 339,304,428	\$ 311,770,945	\$ 314,622,894	\$ 317,883,364	\$ 308,054,151	\$ 312,911,047
138.09%	140.37%	159.62%	172.49%	169.30%	164.20%
73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 40,923,037	\$ 37,919,488	\$ 33,983,033	\$ 33,916,348	\$ 34,490,345	\$ 33,547,097
40,923,037	37,919,488	33,983,033	33,916,348	34,490,345	33,547,097
\$	\$	\$	\$	\$	\$
\$ 357,406,437	\$ 339,304,428	\$ 311,770,945	\$ 314,622,894	\$ 317,883,364	\$ 308,054,151
11.45%	11.18%	10.90%	10.78%	10.85%	10.89%

Mesa Unified School District No. 4
Notes to Required Supplementary Information
June 30, 2024

Note 1 – Budgetary Basis of Accounting

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

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.
- Expenditures for claims and judgments are not budgeted.

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in		
Fund Balances - Governmental Funds	\$ 561,470,724	\$ 102,301,804
Activity budgeted as other fund types	(57,286,972)	(77,498,734)
Current-year prepaid items	2,507,738	(2,507,738)
Prior-year prepaid items	(2,284,990)	
Employee insurance account	(92,817)	(1,873,698)
Claims and judgments payable	(11,323,372)	11,323,372
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 492,990,311</u>	<u>\$ 31,745,006</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, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

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

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Governmental Funds

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Non-Major Governmental Funds

Special Revenue Funds

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

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

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, gifts and donations, career technical education, and student activities.

Capital Projects Funds

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.

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 building renewal grant.

Mesa Unified School District No. 4
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Funds			Capital Projects Funds
	Instructional Improvement	Food Service	Other Special Revenue	Adjacent Ways
Assets				
Cash and investments	\$ 6,069,026	\$ 21,723,715	\$ 31,240,388	\$ 4,931,339
Accounts receivable			1,020,496	
Due from governmental entities	1,878,169	746,511	3,376,076	
Inventory		1,428,007	58,624	
Total assets	<u>\$ 7,947,195</u>	<u>\$ 23,898,233</u>	<u>\$ 35,695,584</u>	<u>\$ 4,931,339</u>
Liabilities				
Accounts payable	\$	\$ 43,837	\$ 355,993	\$
Due to other funds				
Accrued payroll and employee benefits			277,280	
Unearned revenues		567,435		
Total liabilities		<u>611,272</u>	<u>633,273</u>	
Deferred inflows of resources				
Unavailable revenues - intergovernmental			3,376,076	
Total deferred inflows of resources			<u>3,376,076</u>	
Fund balances				
Nonspendable		1,428,007	58,624	
Restricted	7,947,195	21,858,954	31,627,611	4,931,339
Unassigned				
Total fund balances	<u>7,947,195</u>	<u>23,286,961</u>	<u>31,686,235</u>	<u>4,931,339</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,947,195</u>	<u>\$ 23,898,233</u>	<u>\$ 35,695,584</u>	<u>\$ 4,931,339</u>

Capital Projects Funds		Total Non-Major Governmental Funds
Bond Building	Other Capital Projects	
\$ 25,219,153	\$	\$ 89,183,621
		1,020,496
	4,160,802	10,161,558
		1,486,631
<u>\$ 25,219,153</u>	<u>\$ 4,160,802</u>	<u>\$ 101,852,306</u>
\$ 6,299,940	\$ 1,995,185	\$ 8,694,955
	2,800,094	2,800,094
		277,280
		567,435
<u>6,299,940</u>	<u>4,795,279</u>	<u>12,339,764</u>
	3,526,325	6,902,401
	<u>3,526,325</u>	<u>6,902,401</u>
18,919,213		1,486,631
		85,284,312
	(4,160,802)	(4,160,802)
<u>18,919,213</u>	<u>(4,160,802)</u>	<u>82,610,141</u>
<u>\$ 25,219,153</u>	<u>\$ 4,160,802</u>	<u>\$ 101,852,306</u>

Mesa Unified School District No. 4
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds			Capital Projects Funds
	Instructional Improvement	Food Service	Other Special Revenue	Adjacent Ways
Revenues				
Other local	\$ 148,516	\$ 5,944,625	\$ 23,009,034	\$ 54,310
Property taxes				2,899,853
State aid and grants	4,056,327			
Federal aid, grants and reimbursements		29,690,580		
Total revenues	<u>4,204,843</u>	<u>35,635,205</u>	<u>23,009,034</u>	<u>2,954,163</u>
Expenditures				
Current:				
Instruction	304,550		11,829,962	
Support services - students and staff	1,010,829		3,143,928	
Support services - administration			588,846	
Operation and maintenance of plant services		681,832	537,438	
Student transportation services			1,204,718	
Operation of non-instructional services		32,690,723	5,096,720	
Capital outlay		1,085,880	2,816,292	257,583
Total expenditures	<u>1,315,379</u>	<u>34,458,435</u>	<u>25,217,904</u>	<u>257,583</u>
Excess (deficiency) of revenues over expenditures	<u>2,889,464</u>	<u>1,176,770</u>	<u>(2,208,870)</u>	<u>2,696,580</u>
Other financing sources (uses)				
Transfers out		(1,538,368)		
Total other financing sources (uses)		<u>(1,538,368)</u>		
Changes in fund balances	<u>2,889,464</u>	<u>(361,598)</u>	<u>(2,208,870)</u>	<u>2,696,580</u>
Fund balances, beginning of year, previously reported	5,057,731	23,648,559	33,895,105	2,234,759
Adjustments to beginning fund balances				
Fund balances, beginning of year, as restated	<u>5,057,731</u>	<u>23,648,559</u>	<u>33,895,105</u>	<u>2,234,759</u>
Fund balances, end of year	<u>\$ 7,947,195</u>	<u>\$ 23,286,961</u>	<u>\$ 31,686,235</u>	<u>\$ 4,931,339</u>

Capital Projects Funds		Total Non-Major Governmental Funds
Bond Building	Other Capital Projects	
\$ 1,791,294	\$ 16,233	\$ 30,964,012
		2,899,853
	10,373,638	14,429,965
		29,690,580
<u>1,791,294</u>	<u>10,389,871</u>	<u>77,984,410</u>
		12,134,512
		4,154,757
		588,846
		1,219,270
		1,204,718
		37,787,443
<u>26,763,895</u>	<u>9,895,125</u>	<u>40,818,775</u>
<u>26,763,895</u>	<u>9,895,125</u>	<u>97,908,321</u>
<u>(24,972,601)</u>	<u>494,746</u>	<u>(19,923,911)</u>
<u>(1,791,294)</u>		<u>(3,329,662)</u>
<u>(1,791,294)</u>		<u>(3,329,662)</u>
<u>(26,763,895)</u>	<u>494,746</u>	<u>(23,253,573)</u>
	(4,655,548)	60,180,606
<u>45,683,108</u>		<u>45,683,108</u>
<u>45,683,108</u>	<u>(4,655,548)</u>	<u>105,863,714</u>
<u>\$ 18,919,213</u>	<u>\$ (4,160,802)</u>	<u>\$ 82,610,141</u>

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 148,516	\$ 148,516
State aid and grants		<u>4,056,327</u>	<u>4,056,327</u>
Total revenues		<u>4,204,843</u>	<u>4,204,843</u>
Expenditures			
Current:			
Instruction	926,121	304,550	621,571
Support services - students and staff	<u>3,073,879</u>	<u>1,010,829</u>	<u>2,063,050</u>
Total expenditures	<u>4,000,000</u>	<u>1,315,379</u>	<u>2,684,621</u>
Changes in fund balances	<u>(4,000,000)</u>	<u>2,889,464</u>	<u>6,889,464</u>
Fund balances, beginning of year		<u>5,057,731</u>	<u>5,057,731</u>
Fund balances, end of year	<u>\$ (4,000,000)</u>	<u>\$ 7,947,195</u>	<u>\$ 11,947,195</u>

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2024

	<u>Budget</u>		<u>Variance with</u>
	<u>Original and Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues			
Other local	\$	\$ 5,944,625	\$ 5,944,625
Federal aid, grants and reimbursements		29,690,580	29,690,580
Total revenues		35,635,205	35,635,205
Expenditures			
Current:			
Operation and maintenance of plant services	732,122	681,832	50,290
Operation of non-instructional services	35,101,906	32,690,723	2,411,183
Capital outlay	1,165,972	1,085,880	80,092
Total expenditures	37,000,000	34,458,435	2,541,565
Excess (deficiency) of revenues over expenditures	(37,000,000)	1,176,770	38,176,770
Other financing sources (uses)			
Transfers out		(1,538,368)	(1,538,368)
Total other financing sources (uses)		(1,538,368)	(1,538,368)
Changes in fund balances	(37,000,000)	(361,598)	36,638,402
Fund balances, beginning of year		23,648,559	23,648,559
Fund balances, end of year	\$ (37,000,000)	\$ 23,286,961	\$ 60,286,961

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 23,009,034	\$ 23,009,034
Total revenues		23,009,034	23,009,034
Expenditures			
Current:			
Instruction	13,853,371	11,829,962	2,023,409
Support services - students and staff	3,681,669	3,143,928	537,741
Support services - administration	689,563	588,846	100,717
Operation and maintenance of plant services	629,362	537,438	91,924
Student transportation services	1,410,774	1,204,718	206,056
Operation of non-instructional services	5,968,468	5,096,720	871,748
Capital outlay	3,297,993	2,816,292	481,701
Total expenditures	29,531,200	25,217,904	4,313,296
Changes in fund balances	(29,531,200)	(2,208,870)	27,322,330
Fund balances, beginning of year		33,895,105	33,895,105
Fund balances, end of year	\$ (29,531,200)	\$ 31,686,235	\$ 61,217,435

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 222,815	\$ 222,815
Property taxes		64,576,158	64,576,158
Total revenues		64,798,973	64,798,973
Expenditures			
Debt service:			
Principal retirement	52,845,000	52,845,000	
Interest and fiscal charges	8,155,000	12,408,938	(4,253,938)
Total expenditures	61,000,000	65,253,938	(4,253,938)
Excess (deficiency) of revenues over expenditures	(61,000,000)	(454,965)	60,545,035
Other financing sources (uses)			
Transfers in		1,791,294	1,791,294
Total other financing sources (uses)		1,791,294	1,791,294
Changes in fund balances	(61,000,000)	1,336,329	62,336,329
Fund balances, beginning of year		3,901,225	3,901,225
Fund balances, end of year	\$ (61,000,000)	\$ 5,237,554	\$ 66,237,554

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 54,310	\$ 54,310
Property taxes		<u>2,899,853</u>	<u>2,899,853</u>
Total revenues		<u>2,954,163</u>	<u>2,954,163</u>
Expenditures			
Capital outlay	<u>5,100,000</u>	<u>257,583</u>	<u>4,842,417</u>
Total expenditures	<u>5,100,000</u>	<u>257,583</u>	<u>4,842,417</u>
Changes in fund balances	<u>(5,100,000)</u>	<u>2,696,580</u>	<u>7,796,580</u>
Fund balances, beginning of year		<u>2,234,759</u>	<u>2,234,759</u>
Fund balances, end of year	<u>\$ (5,100,000)</u>	<u>\$ 4,931,339</u>	<u>\$ 10,031,339</u>

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 1,791,294	\$ 1,791,294
Total revenues		1,791,294	1,791,294
Expenditures			
Capital outlay	52,000,000	26,763,895	25,236,105
Total expenditures	52,000,000	26,763,895	25,236,105
Excess (deficiency) of revenues over expenditures	(52,000,000)	(24,972,601)	27,027,399
Other financing sources (uses)			
Transfers out		(1,791,294)	(1,791,294)
Total other financing sources (uses)		(1,791,294)	(1,791,294)
Changes in fund balances	(52,000,000)	(26,763,895)	25,236,105
Fund balances, beginning of year		45,683,108	45,683,108
Fund balances, end of year	\$ (52,000,000)	\$ 18,919,213	\$ 70,919,213

Mesa Unified School District No. 4
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 16,233	\$ 16,233
State aid and grants		10,373,638	10,373,638
Total revenues		10,389,871	10,389,871
Expenditures			
Capital outlay	15,000,000	10,015,657	4,984,343
Total expenditures	15,000,000	10,015,657	4,984,343
Changes in fund balances	(15,000,000)	374,214	15,374,214
Fund balances, beginning of year		(4,655,548)	(4,655,548)
Fund balances, end of year	\$ (15,000,000)	\$ (4,281,334)	\$ 10,718,666

Internal Service Funds

Employee Benefit Trust - to account for the transactions of the Employee Health Plan. This Fund was established to account for amounts contributed by the District and District employees for a medical insurance program. Expenses from the Fund are used to provide health benefits to substantially all District employees and to pay servicing fees to the claims administrator.

Workers' Compensation - to account for the financial activity associated with the District's insurance program for employee workers' compensation.

Property and Casualty Insurance - to account for the financial activity associated with the District's self-insurance program for property and casualty losses.

Mesa Unified School District No. 4
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Total Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 45,236,269	\$ 6,052,192	\$ 12,069,396	\$ 63,357,857
Deposits	322,000		1,791,055	2,113,055
Accounts receivable	530,296	39,960		570,256
Total current assets	<u>46,088,565</u>	<u>6,092,152</u>	<u>13,860,451</u>	<u>66,041,168</u>
Liabilities				
Current liabilities:				
Accounts payable	443,127	135,662	105,319	684,108
Claims payable	5,103,000		143,000	5,246,000
Total current liabilities	<u>5,546,127</u>	<u>135,662</u>	<u>248,319</u>	<u>5,930,108</u>
Net position				
Unrestricted	40,542,438	5,956,490	13,612,132	60,111,060
Total net position	<u>\$ 40,542,438</u>	<u>\$ 5,956,490</u>	<u>\$ 13,612,132</u>	<u>\$ 60,111,060</u>

Mesa Unified School District No. 4
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2024

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Total Internal Service Funds
Operating revenues				
Other local	\$ 3,063,471	\$ 904,868	\$ 580,964	\$ 4,549,303
Contributions	52,078,054	2,000,000	1,561,000	55,639,054
Total operating revenues	<u>55,141,525</u>	<u>2,904,868</u>	<u>2,141,964</u>	<u>60,188,357</u>
Operating expenses				
Claims	51,060,207	303,706	1,292,843	52,656,756
Adjustment to prior year claims reserves	774,000	(2,711,753)	(58,476)	(1,996,229)
Premiums	4,618,932	2,911,874		7,530,806
Administrative fees	2,198,966		414,351	2,613,317
Other	1,294,572	215,744	12,550	1,522,866
Total operating expenses	<u>59,946,677</u>	<u>719,571</u>	<u>1,661,268</u>	<u>62,327,516</u>
Operating income (loss)	<u>(4,805,152)</u>	<u>2,185,297</u>	<u>480,696</u>	<u>(2,139,159)</u>
Nonoperating revenues (expenses)				
Investment income	1,102,556	220,476	336,740	1,659,772
Total nonoperating revenue (expenses)	<u>1,102,556</u>	<u>220,476</u>	<u>336,740</u>	<u>1,659,772</u>
Changes in net position	<u>(3,702,596)</u>	<u>2,405,773</u>	<u>817,436</u>	<u>(479,387)</u>
Net position, beginning of year	<u>44,245,034</u>	<u>3,550,717</u>	<u>12,794,696</u>	<u>60,590,447</u>
Net position, end of year	<u>\$ 40,542,438</u>	<u>\$ 5,956,490</u>	<u>\$ 13,612,132</u>	<u>\$ 60,111,060</u>

Mesa Unified School District No. 4
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2024

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Total Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>				
Cash flows from operating activities				
Cash received from contributions	\$ 51,854,504	\$ 1,960,040	\$ 1,561,000	\$ 55,375,544
Cash received from other sources	3,063,471	904,868	580,964	4,549,303
Cash payments to suppliers for goods and services	(6,992,102)	(2,821,956)	(511,767)	(10,325,825)
Cash payments for claims	(51,060,207)	(303,706)	(1,292,843)	(52,656,756)
Net cash provided by/used for operating activities	(3,134,334)	(260,754)	337,354	(3,057,734)
Cash flows from investing activities				
Purchase of investments				
Investment income	1,102,556	220,476	336,740	1,659,772
Net cash provided by/used for investing activities	1,102,556	220,476	336,740	1,659,772
Net increase/decrease in cash and cash equivalents	(2,031,778)	(40,278)	674,094	(1,397,962)
Cash and cash equivalents, beginning of year	47,268,047	6,092,470	11,395,302	64,755,819
Cash and cash equivalents, end of year	\$ 45,236,269	\$ 6,052,192	\$ 12,069,396	\$ 63,357,857
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>				
Operating income/loss	\$ (4,805,152)	\$ 2,185,297	\$ 480,696	\$ (2,139,159)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:				
Changes in assets and liabilities:				
Increase/decrease in deposits			(17,292)	(17,292)
Increase/decrease in accounts receivable	(223,550)	(39,960)		(263,510)
Increase/decrease in prepaid items	875,428	170,000		1,045,428
Increase/decrease in accounts payable	244,940	135,662	(67,574)	313,028
Increase/decrease in claims payable	774,000	(2,711,753)	(58,476)	(1,996,229)
Total adjustments	1,670,818	(2,446,051)	(143,342)	(918,575)
Net cash provided by/used for operating activities	\$ (3,134,334)	\$ (260,754)	\$ 337,354	\$ (3,057,734)

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.

Mesa Unified School District No. 4
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Position:					
Net investment in capital assets	\$ 445,177,287	\$ 380,898,329	\$ 319,429,263	\$ 294,475,579	\$ 291,142,909
Restricted	154,552,566	124,431,869	120,420,950	109,013,005	85,460,236
Unrestricted	<u>(302,081,530)</u>	<u>(283,710,832)</u>	<u>(297,714,476)</u>	<u>(293,918,253)</u>	<u>(302,081,999)</u>
Total net position	<u><u>\$ 297,648,323</u></u>	<u><u>\$ 221,619,366</u></u>	<u><u>\$ 142,135,737</u></u>	<u><u>\$ 109,570,331</u></u>	<u><u>\$ 74,521,146</u></u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Position:					
Net investment in capital assets	\$ 289,673,525	\$ 284,979,886	\$ 280,887,534	\$ 273,393,759	\$ 293,968,422
Restricted	68,649,166	69,314,393	73,768,937	88,565,034	90,283,357
Unrestricted	<u>(313,448,895)</u>	<u>(365,494,452)</u>	<u>(419,897,425)</u>	<u>(429,130,224)</u>	<u>(423,502,218)</u>
Total net position	<u><u>\$ 44,873,796</u></u>	<u><u>\$ (11,200,173)</u></u>	<u><u>\$ (65,240,954)</u></u>	<u><u>\$ (67,171,431)</u></u>	<u><u>\$ (39,250,439)</u></u>

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

Mesa Unified School District No. 4
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenses					
Instruction	\$ 433,102,887	\$ 436,887,925	\$ 402,356,143	\$ 377,990,166	\$ 355,926,838
Support services - students and staff	135,527,088	132,966,176	106,155,362	99,116,971	92,780,898
Support services - administration	67,482,239	62,533,860	63,859,011	51,084,470	37,390,362
Operation and maintenance of plant services	80,343,265	77,117,644	70,561,517	64,677,848	59,568,062
Student transportation services	41,066,037	45,182,452	45,938,022	38,809,951	34,921,019
Operation of non-instructional services	43,262,563	44,966,186	40,692,358	29,234,464	31,743,089
Interest on long-term debt	6,860,811	8,745,748	8,148,286	7,025,140	5,874,980
Total expenses	<u>807,644,890</u>	<u>808,399,991</u>	<u>737,710,699</u>	<u>667,939,010</u>	<u>618,205,248</u>
Program Revenues					
Charges for services:					
Instruction	15,237,332	14,438,638	15,999,680	9,285,567	11,839,030
Operation of non-instructional services	14,331,775	15,565,146	6,022,947	2,460,221	8,336,924
Other activities	2,944,489	2,552,351	2,671,859	2,349,490	3,481,462
Operating grants and contributions	115,589,533	156,565,080	148,360,684	128,641,768	77,667,596
Capital grants and contributions	44,896,599	51,570,769	11,219,284	7,481,087	12,846,602
Total program revenues	<u>192,999,728</u>	<u>240,691,984</u>	<u>184,274,454</u>	<u>150,218,133</u>	<u>114,171,614</u>
Net (Expense)/Revenue	<u><u>\$ (614,645,162)</u></u>	<u><u>\$ (567,708,007)</u></u>	<u><u>\$ (553,436,245)</u></u>	<u><u>\$ (517,720,877)</u></u>	<u><u>\$ (504,033,634)</u></u>

(Continued)

Mesa Unified School District No. 4
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses					
Instruction	\$ 310,301,952	\$ 293,505,646	\$ 306,244,431	\$ 323,041,626	\$ 312,523,292
Support services - students and staff	77,292,839	71,472,663	75,402,706	66,580,632	67,290,219
Support services - administration	49,711,541	37,312,711	51,639,898	51,501,847	51,273,180
Operation and maintenance of plant services	56,416,258	54,131,885	57,384,919	56,346,816	57,134,613
Student transportation services	32,846,639	31,570,604	32,657,175	33,042,804	34,190,628
Operation of non-instructional services	30,599,036	30,419,322	32,463,927	32,281,985	31,437,236
Interest on long-term debt	6,511,137	8,309,719	7,689,798	8,227,474	8,965,570
Total expenses	<u>563,679,402</u>	<u>526,722,550</u>	<u>563,482,854</u>	<u>571,023,184</u>	<u>562,814,738</u>
Program Revenues					
Charges for services:					
Instruction	11,715,827	11,208,432	10,611,617	12,679,353	12,254,163
Operation of non-instructional services	10,005,584	8,851,251	8,969,542	9,199,632	4,268,844
Other activities	2,674,389	3,346,383	3,666,158	4,701,474	8,292,905
Operating grants and contributions	73,859,660	69,280,633	68,660,145	65,986,998	68,088,198
Capital grants and contributions	5,801,128	4,493,336	3,454,773	1,732,109	3,570,423
Total program revenues	<u>104,056,588</u>	<u>97,180,035</u>	<u>95,362,235</u>	<u>94,299,566</u>	<u>96,474,533</u>
Net (Expense)/Revenue	<u>\$ (459,622,814)</u>	<u>\$ (429,542,515)</u>	<u>\$ (468,120,619)</u>	<u>\$ (476,723,618)</u>	<u>\$ (466,340,205)</u>

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

(Concluded)

Mesa Unified School District No. 4
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net (Expense)/Revenue	\$ (614,645,162)	\$ (567,708,007)	\$ (553,436,245)	\$ (517,720,877)	\$ (504,033,634)
General Revenues:					
Property taxes	249,404,113	243,016,965	227,647,720	226,653,337	191,834,986
Investment income	7,366,230	6,534,971	2,207,175	2,351,841	4,048,015
Unrestricted county aid			24,575,581	24,914,544	23,792,790
Unrestricted state aid	418,572,775	389,858,127	322,556,864	292,134,452	304,164,879
Unrestricted federal aid	15,331,001	7,781,573	9,014,311	6,715,888	6,742,296
Total general revenues	<u>690,674,119</u>	<u>647,191,636</u>	<u>586,001,651</u>	<u>552,770,062</u>	<u>530,582,966</u>
Changes in Net Position	<u>\$ 76,028,957</u>	<u>\$ 79,483,629</u>	<u>\$ 32,565,406</u>	<u>\$ 35,049,185</u>	<u>\$ 26,549,332</u>

(Continued)

Mesa Unified School District No. 4
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (Expense)/Revenue	\$ (459,622,814)	\$ (429,542,515)	\$ (468,120,619)	\$ (476,723,618)	\$ (466,340,205)
General Revenues:					
Property taxes	194,270,932	188,517,796	184,179,818	166,842,233	176,365,826
Investment income	3,342,747	1,633,074	1,045,459	988,058	806,877
Unrestricted county aid	23,827,895	23,556,471	22,749,284	21,554,406	20,697,042
Unrestricted state aid	287,463,705	264,443,679	257,741,819	254,598,141	234,491,938
Unrestricted federal aid	6,791,504	5,347,459	4,334,716	4,819,788	2,828,702
Total general revenues	<u>515,696,783</u>	<u>483,498,479</u>	<u>470,051,096</u>	<u>448,802,626</u>	<u>435,190,385</u>
Changes in Net Position	<u>\$ 56,073,969</u>	<u>\$ 53,955,964</u>	<u>\$ 1,930,477</u>	<u>\$ (27,920,992)</u>	<u>\$ (31,149,820)</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)

Mesa Unified School District No. 4
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund:					
Nondisposable	\$ 6,071,769	\$ 3,776,974	\$ 3,887,645	\$ 3,341,212	\$ 3,671,476
Unassigned	96,230,035	97,968,843	74,642,816	79,536,361	62,707,851
Total General Fund	<u>\$ 102,301,804</u>	<u>\$ 101,745,817</u>	<u>\$ 78,530,461</u>	<u>\$ 82,877,573</u>	<u>\$ 66,379,327</u>
All Other Governmental Funds:					
Nondisposable	\$ 1,486,631	\$ 1,257,498	\$ 1,609,178	\$ 1,310,419	\$ 2,138,553
Restricted	138,476,394	156,050,472	216,222,903	194,339,635	178,782,081
Unassigned	(11,007,625)	(13,094,730)	(25,845,943)	(8,279,487)	(15,509,002)
Total all other governmental funds	<u>\$ 128,955,400</u>	<u>\$ 144,213,240</u>	<u>\$ 191,986,138</u>	<u>\$ 187,370,567</u>	<u>\$ 165,411,632</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:					
Nondisposable	\$ 2,972,130	\$ 2,413,922	\$ 2,678,469	\$ 2,498,062	\$ 2,340,624
Unassigned	61,678,542	52,705,920	39,891,408	29,432,511	32,811,985
Total General Fund	<u>\$ 64,650,672</u>	<u>\$ 55,119,842</u>	<u>\$ 42,569,877</u>	<u>\$ 31,930,573</u>	<u>\$ 35,152,609</u>
All Other Governmental Funds:					
Nondisposable	\$ 1,221,846	\$ 1,219,051	\$ 1,068,546	\$ 1,071,503	\$ 1,373,926
Restricted	131,171,482	95,748,678	99,859,326	104,539,944	124,035,650
Unassigned	(5,202,561)	(625,927)		(33,763)	(129,863)
Total all other governmental funds	<u>\$ 127,190,767</u>	<u>\$ 96,341,802</u>	<u>\$ 100,927,872</u>	<u>\$ 105,577,684</u>	<u>\$ 125,279,713</u>

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

Mesa Unified School District No. 4
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Federal sources:					
Federal grants	\$ 129,456,838	\$ 168,640,956	\$ 96,153,876	\$ 108,527,536	\$ 46,173,976
Impact Aid	1,243,024	582,625	405,240	485,749	412,305
National School Lunch Program	29,690,580	28,366,164	40,280,996	26,101,097	21,077,010
Total federal sources	<u>160,390,442</u>	<u>197,589,745</u>	<u>136,840,112</u>	<u>135,114,382</u>	<u>67,663,291</u>
State sources:					
State equalization assistance	335,367,905	333,167,462	269,480,611	258,411,411	270,041,760
State grants	5,158,318	8,346,160	7,088,379	7,469,278	6,774,731
School Facilities Oversight Board	10,373,638	4,663,993	4,478,698	6,584,124	9,216,378
Other revenues	73,158,047	56,690,665	52,620,737	33,723,041	34,123,119
Total state sources	<u>424,057,908</u>	<u>402,868,280</u>	<u>333,668,425</u>	<u>306,187,854</u>	<u>320,155,988</u>
Local sources:					
Property taxes	247,108,414	243,074,269	229,304,775	226,877,936	200,728,039
County aid			24,575,581	24,914,544	23,792,790
Food service sales	5,402,226	6,224,706	1,323,164	582,895	4,409,932
Investment income	5,706,458	3,173,438	1,956,287	2,059,629	3,425,487
Other revenues	31,720,800	32,465,333	26,415,387	15,722,275	22,654,173
Total local sources	<u>289,937,898</u>	<u>284,937,746</u>	<u>283,575,194</u>	<u>270,157,279</u>	<u>255,010,421</u>
Total revenues	<u><u>\$ 874,386,248</u></u>	<u><u>\$ 885,395,771</u></u>	<u><u>\$ 754,083,731</u></u>	<u><u>\$ 711,459,515</u></u>	<u><u>\$ 642,829,700</u></u>

(Continued)

Mesa Unified School District No. 4
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Federal sources:					
Federal grants	\$ 47,753,524	\$ 44,725,817	\$ 42,562,505	\$ 41,943,525	\$ 46,630,089
Impact Aid	450,723	313,838	315,037	316,351	316,460
National School Lunch Program	24,968,235	24,864,791	26,632,631	25,575,863	24,238,284
Total federal sources	<u>73,172,482</u>	<u>69,904,446</u>	<u>69,510,173</u>	<u>67,835,739</u>	<u>71,184,833</u>
State sources:					
State equalization assistance	249,318,144	231,664,428	230,658,406	228,020,378	209,258,136
State grants	4,861,508	4,553,962	1,717,642	2,064,125	1,549,436
School Facilities Oversight Board	450,402	1,684,370	1,860,111	900,974	44,520
Other revenues	37,695,159	31,094,881	27,083,413	26,566,443	26,104,402
Total state sources	<u>292,325,213</u>	<u>268,997,641</u>	<u>261,319,572</u>	<u>257,551,920</u>	<u>236,956,494</u>
Local sources:					
Property taxes	195,991,014	188,843,789	184,805,718	173,563,409	175,738,937
County aid	23,827,895	23,556,471	22,749,284	21,554,406	20,697,042
Food service sales	6,119,684	5,819,736	5,640,716	5,897,322	5,638,976
Investment income	2,860,464	1,453,972	886,969	988,058	683,137
Other revenues	22,751,629	21,743,808	21,797,393	21,943,120	20,481,650
Total local sources	<u>251,550,686</u>	<u>241,417,776</u>	<u>235,880,080</u>	<u>223,946,315</u>	<u>223,239,742</u>
Total revenues	<u>\$ 617,048,381</u>	<u>\$ 580,319,863</u>	<u>\$ 566,709,825</u>	<u>\$ 549,333,974</u>	<u>\$ 531,381,069</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)

Mesa Unified School District No. 4
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenditures:					
Current -					
Instruction	\$ 374,135,515	\$ 371,794,933	\$ 349,058,013	\$ 319,702,648	\$ 314,698,859
Support services - students and staff	129,200,851	126,014,833	102,408,962	94,356,005	91,050,469
Support services - administration	58,274,917	56,069,028	51,740,810	45,575,653	45,018,904
Operation and maintenance of plant services	75,924,207	72,289,515	65,411,758	60,330,693	57,734,550
Student transportation services	32,685,974	32,666,847	30,471,507	26,732,938	27,940,255
Operation of non-instructional services	41,218,082	41,999,780	37,981,970	25,961,045	30,582,983
Capital outlay	112,515,972	146,600,383	154,627,178	103,657,833	67,271,997
Debt service -					
Principal retirement	52,845,000	47,775,000	46,555,000	44,975,000	43,775,000
Interest and fiscal charges	12,408,938	14,742,994	11,642,956	10,519,810	9,369,650
Bond issuance costs			756,861	467,342	535,824
Total expenditures	<u>\$ 889,209,456</u>	<u>\$ 909,953,313</u>	<u>\$ 850,655,015</u>	<u>\$ 732,278,967</u>	<u>\$ 687,978,491</u>
Expenditures for capitalized assets	\$ 88,515,781	\$ 101,151,431	\$ 98,330,545	\$ 58,671,859	\$ 41,540,498
Debt service as a percentage of noncapital expenditures	8%	8%	8%	8%	8%

(Continued)

Mesa Unified School District No. 4
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenditures:					
Current -					
Instruction	\$ 299,160,125	\$ 277,655,640	\$ 270,951,435	\$ 278,234,726	\$ 269,153,702
Support services - students and staff	82,609,401	74,730,899	72,922,283	63,311,598	63,382,476
Support services - administration	44,285,313	43,261,595	42,200,799	40,853,815	39,249,811
Operation and maintenance of plant services	57,114,749	54,719,119	56,006,320	54,299,387	54,636,961
Student transportation services	28,860,932	28,095,351	27,819,551	27,983,493	29,292,753
Operation of non-instructional services	31,144,365	30,774,567	32,083,167	31,402,412	30,582,165
Capital outlay	47,334,417	44,472,422	49,564,817	68,920,581	59,423,729
Debt service -					
Principal retirement	42,530,000	38,460,000	35,900,000	34,220,000	32,140,000
Interest and fiscal charges	9,142,735	8,985,283	8,365,361	9,096,805	9,547,336
Bond issuance costs	426,909	247,909	266,374	397,346	301,682
Total expenditures	<u><u>\$ 642,608,946</u></u>	<u><u>\$ 601,402,785</u></u>	<u><u>\$ 596,080,107</u></u>	<u><u>\$ 608,720,163</u></u>	<u><u>\$ 587,710,615</u></u>
Expenditures for capitalized assets	\$ 28,236,516	\$ 31,063,447	\$ 30,032,893	\$ 37,252,331	\$ 37,010,905
Debt service as a percentage of noncapital expenditures	8%	8%	8%	8%	8%

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

(Concluded)

Mesa Unified School District No. 4
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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Excess (deficiency) of revenues over expenditures	\$ (14,823,208)	\$ (24,557,542)	\$ (96,571,284)	\$ (20,819,452)	\$ (45,148,791)
Other financing sources (uses):					
General obligation bonds issued			83,135,000	48,140,000	70,630,000
Premium on sale of bonds			12,538,799	12,264,163	9,816,032
Proceeds from sale of capital assets	121,355		320,752	30,868	
Transfers in	4,932,796	11,529,416	6,404,539	5,298,001	4,005,349
Transfers out	<u>(4,932,796)</u>	<u>(11,529,416)</u>	<u>(6,404,539)</u>	<u>(5,298,001)</u>	<u>(4,005,349)</u>
Total other financing sources (uses)	<u>121,355</u>		<u>95,994,551</u>	<u>60,435,031</u>	<u>80,446,032</u>
Changes in fund balances	<u>\$ (14,701,853)</u>	<u>\$ (24,557,542)</u>	<u>\$ (576,733)</u>	<u>\$ 39,615,579</u>	<u>\$ 35,297,241</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Excess (deficiency) of revenues over expenditures	\$ (25,560,565)	\$ (21,082,922)	\$ (29,370,282)	\$ (59,386,189)	\$ (56,329,546)
Other financing sources (uses):					
General obligation bonds issued	56,135,000	25,355,000	30,315,000	35,000,000	35,000,000
Refunding bonds issued				12,815,000	
Premium on sale of bonds	9,244,357	3,805,859	4,867,324	1,455,363	1,575,546
Premium on sale of refunding bonds				862,696	
Payment to refunded bond escrow agent				(13,525,950)	
Transfers in	7,261,523	6,245,019	5,009,100	3,695,589	4,520,918
Transfers out	<u>(7,261,523)</u>	<u>(6,245,019)</u>	<u>(5,009,100)</u>	<u>(3,695,589)</u>	<u>(4,520,918)</u>
Total other financing sources (uses)	<u>65,379,357</u>	<u>29,160,859</u>	<u>35,182,324</u>	<u>36,607,109</u>	<u>36,575,546</u>
Changes in fund balances	<u>\$ 39,818,792</u>	<u>\$ 8,077,937</u>	<u>\$ 5,812,042</u>	<u>\$ (22,779,080)</u>	<u>\$ (19,754,000)</u>

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

Mesa Unified School District No. 4
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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	\$ 993,155,035	\$ 970,649,219	\$ 948,376,826	\$ 904,144,273	\$ 896,444,041
Agricultural and Vacant	60,199,389	59,746,595	60,402,070	59,581,003	65,466,818
Residential (Owner Occupied)	1,832,887,647	1,745,781,639	1,666,639,444	1,571,316,513	1,471,889,010
Residential (Rental)	991,346,222	926,861,363	867,194,728	821,771,959	769,851,366
Railroad, Private Cars and Airlines	885,077	993,039	706,806	634,568	656,661
Historical Property	1,004,722	952,745	880,934	680,821	689,761
Certain Government Property Improvements	49,966	211,985	149,525	237,643	269,853
Total	<u>\$ 3,879,528,058</u>	<u>\$ 3,705,196,585</u>	<u>\$ 3,544,350,333</u>	<u>\$ 3,358,366,780</u>	<u>\$ 3,205,267,510</u>
Gross Full Cash Value	\$ 70,880,157,136	\$ 55,839,836,654	\$ 52,206,851,368	\$ 47,852,168,437	\$ 43,639,435,114
Ratio of Net Limited Assessed Value to Gross Full Cash Value	5.47%	6.64%	6.79%	7.02%	7.34%
Total Direct Rate	7.04	7.21	7.06	7.37	6.98

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commercial, Industrial, Utilities and Mining	\$ 854,220,352	\$ 776,970,064	\$ 744,211,648	\$ 733,496,872	\$ 747,420,522
Agricultural and Vacant	64,397,627	69,148,527	72,298,095	72,868,716	74,696,435
Residential (Owner Occupied)	1,398,116,285	1,313,335,612	1,242,728,444	1,192,311,974	1,156,063,864
Residential (Rental)	711,941,939	674,194,435	631,758,705	585,566,607	529,114,336
Railroad, Private Cars and Airlines	674,652	697,613	642,774	681,964	809,962
Historical Property	641,691	514,188	801,015	793,044	834,699
Certain Government Property Improvements	262,519	277,428	261,589	220,981	143,532
Total	<u>\$ 3,030,255,065</u>	<u>\$ 2,835,137,867</u>	<u>\$ 2,692,702,270</u>	<u>\$ 2,585,940,158</u>	<u>\$ 2,509,083,350</u>
Gross Full Cash Value	\$ 40,390,270,653	\$ 37,544,123,311	\$ 35,490,412,139	\$ 31,969,444,367	\$ 26,742,716,271
Ratio of Net Limited Assessed Value to Gross Full Cash Value	7.50%	7.55%	7.59%	8.09%	9.38%
Total Direct Rate	7.22	7.33	7.56	7.36	7.50

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

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

Mesa Unified School District No. 4
Net Full Cash Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	\$ 1,488,384,812	\$ 1,318,327,134	\$ 1,308,234,020	\$ 1,230,596,559	\$ 1,184,215,143
Agricultural and Vacant	120,316,820	98,234,679	102,836,335	97,610,503	100,438,479
Residential (Owner Occupied)	3,412,415,368	2,620,471,377	2,433,213,522	2,228,789,613	2,021,228,795
Residential (Rental)	2,045,476,470	1,574,903,181	1,432,564,504	1,272,723,931	1,142,208,232
Railroad, Private Cars and Airlines	1,137,420	1,303,384	912,224	799,812	808,113
Historical Property	2,388,784	1,825,589	1,656,312	1,495,679	1,290,367
Certain Government Property Improvements	59,287	276,806	330,138	318,336	357,722
Total	\$ 7,070,178,961	\$ 5,615,342,150	\$ 5,279,747,055	\$ 4,832,334,433	\$ 4,450,546,851
Gross Full Cash Value	\$ 70,880,157,136	\$ 55,839,836,654	\$ 52,206,851,368	\$ 47,852,168,437	\$ 43,639,435,114
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	9.97%	10.06%	10.11%	10.10%	10.20%
Estimated Net Full Cash Value	\$ 61,610,965,910	\$ 48,386,461,906	\$ 44,917,140,942	\$ 40,940,744,659	\$ 37,586,741,186
Total Direct Rate	7.04	7.21	7.06	7.37	6.98

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commercial, Industrial, Utilities and Mining	\$ 1,096,283,900	\$ 982,461,297	\$ 891,053,054	\$ 782,325,557	\$ 752,148,911
Agricultural and Vacant	98,588,104	101,090,386	104,084,580	90,082,342	80,591,793
Residential (Owner Occupied)	1,868,649,499	1,736,788,901	1,663,900,435	1,554,216,380	1,253,369,620
Residential (Rental)	1,013,508,943	932,064,081	851,419,261	746,842,114	582,252,234
Railroad, Private Cars and Airlines	810,198	810,038	686,714	694,545	817,315
Historical Property	1,127,792	925,172	1,981,033	2,165,591	2,213,943
Certain Government Property Improvements	354,850	384,685	341,230	238,461	143,532
Total	\$ 4,079,323,286	\$ 3,754,524,560	\$ 3,513,466,307	\$ 3,176,564,990	\$ 2,671,537,348
Gross Full Cash Value	\$ 40,390,270,653	\$ 37,544,123,311	\$ 35,490,412,139	\$ 31,969,444,367	\$ 26,742,716,271
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10.10%	10.00%	9.90%	9.94%	9.99%
Estimated Net Full Cash Value	\$ 34,285,499,376	\$ 31,602,420,026	\$ 29,587,956,820	\$ 26,461,729,241	\$ 21,665,470,337
Total Direct Rate	7.22	7.33	7.56	7.36	7.50

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.

Mesa Unified School District No. 4
Property Tax Assessment Ratios
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	17 %	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	14	15	15	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	19 %	19 %
Agricultural and Vacant	15	15	15	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	15	14	15	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.

Mesa Unified School District No. 4
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended	Overlapping Rates							District Direct Rates		
	State	County	Flood	Junior	Central	East Valley Institute	Cities Low- High	Primary	Secondary	Total
	Equalization		Control District	College District	Arizona Water	of Technology School District				
June 30										
2024		1.20	0.15	1.14	0.14	0.05	0.86-2.34	3.79	3.25	7.04
2023		1.25	0.16	1.19	0.14	0.05	0.99-2.37	3.94	3.27	7.21
2022	0.43	1.35	0.18	1.23	0.14	0.05	0.99-2.37	3.96	3.10	7.06
2021	0.45	1.40	0.18	1.29	0.14	0.05	0.99-2.40	4.07	3.30	7.37
2020	0.46	1.40	0.18	1.33	0.14	0.05	0.99-2.40	4.20	2.78	6.98
2019	0.47	1.40	0.18	1.38	0.14	0.05	0.99-2.42	4.09	3.13	7.22
2018	0.49	1.40	0.18	1.41	0.14	0.05	1.03-2.49	4.54	2.79	7.33
2017	0.50	1.40	0.18	1.47	0.14	0.05	1.06-2.53	4.78	2.78	7.56
2016	0.51	1.36	0.16	1.49	0.14	0.05	1.06-2.52	4.62	2.74	7.36
2015	0.51	1.32	0.14	1.52	0.14	0.05	1.07-2.44	4.93	2.57	7.50

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

Note: The cities included above are Mesa, Chandler, Tempe, Apache Junction and Gilbert.

Mesa Unified School District No. 4
Principal Property Taxpayers
Current Fiscal Year and Fiscal Year Nine Years Prior

Taxpayer	2024		2015	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
MPT of Mesa LLC	\$ 28,339,077	0.73 %		
Sach Ranch Co. LLC/Hurley Land Co. LLC	21,874,625	0.56	\$ 24,043,836	0.90 %
Hughes Helicopters Inc	11,559,872	0.30	8,548,920	0.32
Salt River Point LL LLC	9,629,335	0.25		
CCF IND Broadway LLC	8,128,255	0.21		
Mesa Campus LLC	8,015,863	0.21		
Cox Communications Arizona	7,593,102	0.20		
Wal-Mart Stores Inc.	7,437,460	0.19	10,418,996	0.39
DT-SGW LLC/DTL-SGW LLC	7,146,611	0.18		
Dexcom Inc	6,525,920	0.17		
Mountain Vista Medical Center LP			20,303,684	0.76
AT&T Property Tax			14,426,302	0.54
Century Link			15,494,917	0.58
East Mesa Land Partnership			7,213,151	0.27
Dtd Devco 8W LLC			7,186,435	0.27
Macerich Fiesta Mall LLC			6,144,536	0.23
Standard Phoenix Fund LLC			5,343,075	0.20
Total	<u>\$ 116,250,120</u>	<u>3.00 %</u>	<u>\$ 119,123,852</u>	<u>4.46 %</u>

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

Mesa Unified School District No. 4
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
2024	\$ 274,650,676	\$ 260,569,579	94.87 %	\$	\$ 260,569,579	94.87 %
2023	268,311,211	257,313,917	95.90	10,849,059	268,162,976	99.94
2022	254,217,553	239,981,054	94.40	14,059,891	254,040,945	99.93
2021	248,140,298	239,668,333	96.59	8,311,810	247,980,143	99.94
2020	220,979,610	209,961,170	95.01	10,808,872	220,770,042	99.91
2019	216,861,273	205,792,194	94.90	11,002,749	216,794,943	99.97
2018	207,874,308	197,041,443	94.79	10,764,275	207,805,718	99.97
2017	203,884,538	192,344,798	94.34	11,497,947	203,842,745	99.98
2016	190,586,353	186,834,822	98.03	3,713,365	190,548,187	99.98
2015	192,192,263	182,011,292	94.70	10,117,356	192,128,648	99.97

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.

Mesa Unified School District No. 4
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	Percentage of Estimated Actual Value		Per Capita	Percentage of Estimated Actual Value		Per Capita	Percentage of Personal Income					
2024	\$	295,715,744	\$	6,864,965	\$	288,850,779	0.41 %	\$	565	\$	295,715,744	0.42 %	\$	578	0.10 %
2023		349,038,871		4,444,463		344,594,408	0.62		677		349,038,871	0.63		686	0.13
2022		401,591,117		3,237,903		398,353,214	0.76		732		401,591,117	0.77		738	0.16
2021		354,386,988		3,962,848		350,424,140	0.73		657		354,386,988	0.74		665	0.14
2020		341,252,495		3,701,683		337,550,812	0.77		644		341,252,495	0.78		651	0.15
2019		306,831,133		2,911,850		303,919,283	0.75		594		306,831,133	0.76		599	0.15
2018		283,438,278		2,527,337		280,910,941	0.75		557		283,438,278	0.75		562	0.14
2017		292,103,362		2,769,263		289,334,099	0.82		619		292,103,362	0.82		625	0.16
2016		293,066,980		4,153,501		288,913,479	0.90		627		293,066,980	0.92		636	0.16
2015		289,653,156		5,030,957		284,622,199	1.06		615		289,653,156	1.08		625	0.17

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

Mesa Unified School District No. 4
Direct and Overlapping Governmental Activities Debt
June 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa County Community College District	\$ 87,320,000	1.69 %	\$ 1,475,708
Maricopa County Special Health Care District (MIHS)	574,205,000	1.69	9,704,065
City of Chandler	192,075,000	1.80	3,457,350
City of Mesa	368,295,000	0.48	1,767,816
Subtotal, Overlapping Debt			<u>16,404,939</u>
Direct:			
Mesa Unified School District No. 4			<u>295,715,744</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 312,120,683</u></u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt	
As a Percentage of Net Limited Assessed Valuation	7.45 %
Net Direct and Overlapping General Bonded Debt	
Per Capita	597
As a Percentage of Net Limited Assessed Valuation	7.87 %
As a Percentage of Gross Full Cash Value	0.43 %

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

Notes: 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.

Mesa Unified School District No. 4
Legal Debt Margin Information
Last Ten Fiscal Years

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2024:

Net full cash assessed valuation	\$ 7,070,178,961
Debt limit (20% of assessed value)	1,414,035,792
Debt applicable to limit	<u>307,886,621</u>
Legal debt margin	<u><u>\$ 1,106,149,171</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2024

Net full cash assessed valuation	\$ 7,070,178,961
Debt limit (30% of assessed value)	2,121,053,688
Debt applicable to limit	<u>307,886,621</u>
Legal debt margin	<u><u>\$ 1,813,167,067</u></u>

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Limit	\$ 2,121,053,688	\$ 1,684,302,645	\$ 1,583,924,117	\$ 1,449,799,330	\$ 1,335,164,055
Total net debt applicable to limit	<u>307,886,621</u>	<u>358,115,201</u>	<u>407,163,369</u>	<u>357,287,582</u>	<u>342,386,067</u>
Legal debt margin	<u><u>\$ 1,813,167,067</u></u>	<u><u>\$ 1,326,187,444</u></u>	<u><u>\$ 1,176,760,748</u></u>	<u><u>\$ 1,092,511,748</u></u>	<u><u>\$ 992,777,988</u></u>
Total net debt applicable to the limit as a percentage of debt limit	15%	21%	26%	25%	26%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt Limit	\$ 1,223,796,986	\$ 1,126,357,368	\$ 1,054,039,892	\$ 952,969,497	\$ 801,461,204
Total net debt applicable to limit	<u>305,230,000</u>	<u>270,360,000</u>	<u>285,590,000</u>	<u>284,810,000</u>	<u>281,950,000</u>
Legal debt margin	<u><u>\$ 918,566,986</u></u>	<u><u>\$ 855,997,368</u></u>	<u><u>\$ 768,449,892</u></u>	<u><u>\$ 668,159,497</u></u>	<u><u>\$ 519,511,204</u></u>
Total net debt applicable to the limit as a percentage of debt limit	25%	24%	27%	30%	35%

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.

Mesa Unified School District No. 4
County-Wide Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate	Estimated District Population
2023	4,665,020	\$ 288,842,282	\$ 63,461	3.4 %	511,648
2022	4,586,431	268,713,717	59,759	3.0	508,958
2021	4,507,419	249,677,860	56,255	4.5	544,361
2020	4,439,220	245,077,753	53,521	6.6	533,228
2019	4,367,835	222,943,072	49,704	3.6	524,362
2018	4,294,460	210,370,180	47,694	4.1	512,019
2017	4,221,684	196,286,191	45,573	4.2	504,403
2016	4,137,076	185,111,698	43,628	4.5	467,532
2015	4,076,439	184,784,917	42,092	5.1	460,950
2014	4,008,651	168,483,421	41,222	5.9	463,163

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.

Mesa Unified School District No. 4
Principal Employers
Current Fiscal Year and Fiscal Year Nine Years Prior

Employer	2024			2015		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Banner Health Systems	26,670	1.41	%	24,825	1.35	%
Amazon	23,260	1.23				
State of Arizona	22,350	1.18		49,800	2.71	
Wal-Mart Stores Inc.	17,450	0.92		30,634	1.67	
Frys Food Stores	15,110	0.80				
Intel Corporation	12,810	0.68				
Maricopa County	11,580	0.61		12,792	0.70	
Arizona State University	11,300	0.60		11,185	0.61	
Wells Fargo Company	10,420	0.55		13,308	0.72	
United States Department of the Air Force	9,310	0.49				
Bank of America				13,300	0.72	
Raytheon Co.				11,500	0.63	
City of Phoenix				15,100	0.82	
Apollo Group Inc.				1,000	0.60	
Total	160,260	8.47	%	183,444	10.53	%
Total employment	1,893,180			1,916,003		

Source: The source of this information is City of Mesa Office of Economic Development.

Mesa Unified School District No. 4
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Supervisory					
Superintendent	1	1	1	1	1
Assistant superintendents	8	9	8	8	6
Consultants/supervisors of instruction	28	59	52	47	50
Principals	74	78	79	79	79
Assistant principals	55	56	29	29	27
Total supervisory	<u>166</u>	<u>203</u>	<u>169</u>	<u>164</u>	<u>163</u>
Instruction					
Teachers	3,180	3,372	3,334	3,319	3,331
Other professionals (instructional)	283	264	206	187	187
Aides	851	843	950	953	1,122
Total instruction	<u>4,314</u>	<u>4,479</u>	<u>4,490</u>	<u>4,459</u>	<u>4,640</u>
Student Services					
Nurses	53	50	50	45	46
Counselors/Advisors	158	153	158	153	127
Librarians	67	72			
Other	242	196	197	183	172
Total student services	<u>520</u>	<u>471</u>	<u>405</u>	<u>381</u>	<u>345</u>
Support and Administration					
Clerical workers	541	581	328	325	331
Custodians	299	277	355	343	351
Bus Drivers	263	252	309	330	362
Food Service workers	317	305	311	303	324
Other classified	906	1,149	1,028	1,055	1,104
Total support and administration	<u>2,326</u>	<u>2,564</u>	<u>2,331</u>	<u>2,356</u>	<u>2,472</u>
Total	<u><u>7,326</u></u>	<u><u>7,717</u></u>	<u><u>7,395</u></u>	<u><u>7,360</u></u>	<u><u>7,620</u></u>

(Continued)

Mesa Unified School District No. 4
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Supervisory					
Superintendent	1	1	1	1	1
Assistant superintendents	7	7	7	6	6
Consultants/supervisors of instruction	20	19	45	31	29
Principals	77	75	76	77	78
Assistant principals	27	27	27	27	27
Total supervisory	<u>132</u>	<u>129</u>	<u>156</u>	<u>142</u>	<u>141</u>
Instruction					
Teachers	3,320	3,307	3,345	3,277	3,294
Other professionals (instructional)	189	203	120	116	130
Aides	1,072	1,103	1,155	1,125	1,157
Total instruction	<u>4,581</u>	<u>4,613</u>	<u>4,620</u>	<u>4,518</u>	<u>4,581</u>
Student Services					
Nurses	44	44	45	46	45
Counselors/Advisors	92	92	91	87	89
Other	153	145	124	130	130
Total student services	<u>289</u>	<u>281</u>	<u>260</u>	<u>263</u>	<u>264</u>
Support and Administration					
Clerical workers	330	325	330	316	320
Custodians	348	344	379	377	370
Bus Drivers	402	394	410	448	476
Food Service workers	328	327	332	349	334
Other classified	1,135	1,146	1,166	1,107	1,123
Total support and administration	<u>2,543</u>	<u>2,536</u>	<u>2,617</u>	<u>2,597</u>	<u>2,623</u>
Total	<u><u>7,545</u></u>	<u><u>7,559</u></u>	<u><u>7,653</u></u>	<u><u>7,520</u></u>	<u><u>7,609</u></u>

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

(Concluded)

Mesa Unified School District No. 4
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
2024	52,388	\$ 711,439,546	\$ 13,580	5.21 %	\$ 807,644,890	\$ 15,417	3.54 %	4,314	12.1	59.70 %
2023	54,295	700,834,936	12,908	11.10	808,399,991	14,889	10.67	4,479	12.1	55.21
2022	54,833	637,073,020	11,618	11.45	737,710,699	13,454	10.64	4,490	12.2	52.88
2021	54,930	572,658,982	10,425	8.13	667,939,010	12,160	15.68	4,459	12.3	52.65
2020	58,812	567,026,020	9,641	5.28	618,205,248	10,512	10.61	4,640	12.7	58.30
2019	59,312	543,174,885	9,158	7.96	563,679,402	9,504	8.31	4,581	12.9	57.60
2018	60,030	509,237,171	8,483	1.92	526,722,550	8,774	(6.08)	4,613	13.0	58.70
2017	60,312	501,983,555	8,323	1.73	563,482,854	9,343	(0.79)	4,620	13.1	60.40
2016	60,637	496,085,431	8,181	0.91	571,023,184	9,417	0.36	4,518	13.4	59.74
2015	59,980	486,297,868	8,108	(0.02)	562,814,738	9,383	(0.03)	4,581	13.1	59.93

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

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

Mesa Unified School District No. 4
Capital Assets Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	<u>2024</u>	<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>Schools</u>										
<u>Elementary</u>										
Buildings	619	624	623	623	623	626	626	626	626	627
Square feet	3,278,567	3,288,485	3,286,173	3,450,735	3,445,648	3,452,484	3,452,484	3,423,236	3,423,236	3,425,112
Capacity	43,828	43,828	43,817	43,810	43,861	43,905	56,150	56,150	56,150	56,210
Enrollment	27,070	26,596	26,599	26,697	29,439	30,550	30,421	30,771	31,325	31,216
<u>Middle</u>										
Buildings	181	181	181	181	181	181	185	185	188	195
Square feet	1,404,368	1,404,368	1,404,368	1,392,740	1,393,464	1,393,464	1,813,543	1,813,543	1,819,171	1,875,594
Capacity	15,955	15,955	16,068	16,068	16,073	16,091	22,760	22,760	22,815	22,815
Enrollment	14,405	8,724	9,148	9,066	9,487	9,797	9,461	9,466	9,475	9,355
<u>High</u>										
Buildings	164	164	164	164	164	166	171	171	177	175
Square feet	2,209,444	2,209,444	2,209,444	2,092,962	2,132,349	2,136,121	2,017,395	2,017,395	2,028,609	2,018,409
Capacity	17,680	17,680	17,166	17,166	17,175	17,209	24,249	24,249	24,351	24,025
Enrollment	12,404	18,230	18,140	17,476	18,153	18,628	18,863	18,712	18,530	17,999
<u>Focus Schools</u>										
Buildings	25	25	27	27	27	27	27	27	27	27
Square feet	949,674	953,426	957,178	915,013	203,997	203,997	203,997	203,997	203,997	203,997
Capacity	4,382	4,382	4,382	4,382	4,382	4,382	4,382	4,382	4,382	4,382
Enrollment	745	745	870	1,122	1,175	972	1,066	1,139	1,105	1,150
<u>Other</u>										
Buildings	35	35	35	34	34	34	36	36	36	40
Square feet	495,357	495,357	495,357	450,231	450,231	450,231	453,983	453,983	453,983	384,818
<u>Administrative</u>										
Buildings	14	14	14	14	14	14	14	14	14	14
Square feet	345,260	345,260	345,260	345,260	245,260	245,260	245,260	245,260	245,260	245,260
<u>Transportation</u>										
Garages	3	3	3	3	3	3	3	3	3	3
Buses	552	538	525	579	542	542	542	542	542	539
<u>Athletics</u>										
Football fields	17	17	17	17	17	17	22	22	22	22
Soccer fields	43	43	43	43	43	43	44	44	44	44
Running tracks	17	17	17	17	17	17	18	18	18	18
Baseball/softball	149	149	149	149	149	149	151	151	151	151
Swimming pools	10	10	10	10	10	10	10	10	10	10
Playgrounds	113	113	113	113	113	113	113	113	113	113

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

Mesa Unified School District No. 4
Schedule of Average Daily Membership (ADM),
Average Daily Attendance (ADA) and Ratio of ADA to ADM
Last Ten Fiscal Years

School Year	ADM	ADA	Ratio ADA to ADM	
2023-24	52,388	47,567	90.80	%
2022-23	52,454	49,043	93.50	
2021-22	54,833	48,314	88.11	
2020-21	54,930	49,372	89.88	
2019-20	58,812	54,515	92.69	
2018-19	59,312	55,295	93.23	
2017-18	60,030	56,163	93.56	
2016-17	60,312	56,568	93.79	
2015-16	60,637	57,711	95.17	
2014-15	59,980	56,476	94.16	

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

Mesa Unified School District No. 4
History of High School Graduates
Last Ten Fiscal Years

School Year	<u>Red Mountain</u>	<u>Dobson</u>	<u>Mesa High</u>	<u>Mountain View</u>	<u>Westwood</u>	<u>Skyline</u>	<u>Total</u>
2023-24	784	426	686	657	592	454	3,599
2022-23	818	485	635	705	562	458	3,663
2021-22	761	461	595	659	596	453	3,525
2020-21	776	404	547	659	534	461	3,381
2019-20	763	442	611	648	559	486	3,509
2018-19	743	489	593	712	566	519	3,622
2017-18	771	469	621	682	565	514	3,622
2016-17	661	468	646	649	522	455	3,401
2015-16	697	470	636	688	553	467	3,511
2014-15	696	550	657	618	582	500	3,603

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

Mesa Unified School District No. 4
School Food Service Facts and Figures
Last Ten Fiscal Years

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-2021</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Number of operating cafeterias	77	77	80	80	80	80	80	80	80	86
Number of schools participating in Federal lunch program	76	76	79	79	79	78	78	78	78	78
Student lunches served:										
Free	3,810,096	2,997,166	6,102,493	4,356,239	3,424,572	4,291,670	4,491,424	4,814,664	4,937,201	4,893,531
Reduced	300,611	605,829	***	5,953	496,296	662,883	582,026	616,014	594,289	584,316
Paid	<u>1,036,583</u>	<u>1,401,232</u>	<u>***</u>	<u>4,688</u>	<u>1,070,855</u>	<u>1,466,673</u>	<u>1,353,637</u>	<u>1,355,946</u>	<u>1,309,154</u>	<u>1,336,570</u>
Total student lunches	<u>5,147,290</u>	<u>5,004,227</u>	<u>6,102,493</u>	<u>4,366,880</u>	<u>4,991,723</u>	<u>6,421,226</u>	<u>6,427,087</u>	<u>6,786,624</u>	<u>6,840,644</u>	<u>6,814,417</u>
Adult lunches served	122,970	113,471	115,794	92,049	128,617	178,437	182,425	204,884	204,450	216,167
A La Carte lunches - daily	2,311	1,807	878	480	2,248	2,127	2,138	2,354	2,647	2,856
Average number lunches served daily:										
Student lunches	28,596	27,801	31,295	18,662 **	37,532	35,673	36,937	37,703	38,004	37,858
Adult lunches	683	630	594	393 **	967	991	1,048	1,138	1,136	1,201
Average Daily Membership (ADM)	52,388	54,295	54,833	54,930	58,812	59,312	60,030	60,312	60,637	59,980
Percent of student lunches served to ADM	50.0%	49.3%	55.0%	33.0%	64.0%	60.1%	61.5%	62.5%	62.7%	63.0%
Percent of student lunches served to ADM (including A La Carte)	54.0%	52.5%	56.0%	34.0%	68.0%	64.0%	65.1%	66.4%	67.0%	68.0%

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

Note: Fiscal year marked with a * reflects the number of meals rather than a dollar amount

Note: Amounts marked with a ** reflects a decrease due to the COVID-19 pandemic, which caused the District to provide meals over a greater number of school days (234 days

Note: Amounts marked with a *** are not included because the District served only free meals during fiscal year 2021-22

Mesa Unified School District No. 4
Miscellaneous Statistics
June 30, 2023

When the Constitution of Arizona was formulated, the framers provided for the establishment and maintenance of a public school system. To comply with this constitutional mandate, the Legislature has established a body of law governing education in Arizona. Local governing boards are responsible for operating school districts within the legal parameters developed by the Legislature. The governing board of the Mesa Unified School District, consisting of five members, is given responsibility by Arizona law for educating all persons within its boundaries, kindergarten through grade twelve.

During the 2023-24 fiscal year, the school district operated:

49 elementary schools
11 junior high schools
7 senior high schools
17 choice/focus schools

The Staffing summary for 2023-24 was as follows:

Certified:

183	Administrators and Directors
3,108	Teachers
<u>741</u>	Support Staff
<u>4,032</u>	

78	part time teachers
<u>3,030</u>	full time teachers
<u>3,108</u>	

1,428	Substitute Teachers
48	Certified Hourly
<u>459</u>	Coaches
<u>1,935</u>	

Classified:

131	Managers, Directors and Supervisors
2,520	Contract Employees
1,578	Noncontract Employees
<u>287</u>	Other Staff
<u>4,516</u>	

<u><u>10,483</u></u>	TOTAL
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Source: The source of this information is the District's records.

Note: Mesa Unified School District No. 4 covers an area of approximately 200 square miles.

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