



Maricopa County, Arizona

GILBERT

PUBLIC SCHOOLS

140 South Gilbert Road, Gilbert, Arizona

ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ending June 30, 2023

Gilbert Unified School District No. 41

Gilbert, Arizona

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

Issued by:
Business Services Department

Gilbert Unified School District No. 41

Table of Contents

<u>Introductory Section</u>	<u>Page</u>
Letter of Transmittal	1
ASBO Certificate of Excellence	14
GFOA Certificate of Achievement	15
Organizational Chart	16
List of Principal Officials	17
 <u>Financial Section</u>	
Independent Auditor's Report	21
Management's Discussion and Analysis (MD&A)	27
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	44
Statement of Activities	45
Fund Financial Statements:	
Balance Sheet – Governmental Funds	48
Reconciliation of the Balance Sheet –	
Governmental Funds to the Statement of Net Position	51
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	52
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances – Governmental Funds to the Statement of Activities	54
Statement of Net Position – Proprietary Funds	55
Statement of Revenues, Expenses and Changes in Fund Net Position –	
Proprietary Funds	56
Statement of Cash Flows – Proprietary Funds	57
Notes to Financial Statements	58
 Required Supplementary Information	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	84
Federal and State Grants Fund	85
Pension Schedules	86
Notes to Required Supplementary Information	88
 Combining and Individual Fund Financial Statements and Schedules	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
All Non-Major Governmental Funds	96
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Classroom Site	98
Instructional Improvement	99
Food Service	100
Other Special Revenue Funds	101

Gilbert Unified School District No. 41

Table of Contents

<u>Financial Section</u>	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules	
Governmental Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Debt Service	102
Bond Building	103
Other Capital Projects	104
Internal Service Funds:	
Combining Statement of Net Position	106
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	107
Combining Statement of Cash Flows	108
 <u>Statistical Section</u>	
Financial Trends:	
Net Position by Component	110
Expenses, Program Revenues, and Net (Expense)/Revenue	112
Fund Balances – Governmental Funds	114
Governmental Funds Revenues	116
Governmental Funds Expenditures and Debt Service Ratio	118
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	120
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	122
Net Full Cash Assessed Value of Taxable Property by Class	124
Property Tax Assessment Ratios	126
Direct and Overlapping Property Tax Rates	128
Principal Property Taxpayers	130
Property Tax Levies and Collections	131
Debt Capacity:	
Outstanding Debt by Type	132
Direct and Overlapping Governmental Activities Debt	133
Direct and Overlapping General Bonded Debt Ratios	133
Legal Debt Margin Information	134
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	136
Principal Employers	137
Operating Information:	
Full-Time Equivalent District Employees by Type	138
Operating Statistics	140
Capital Assets Information	142



(This page intentionally left blank)

Introductory Section



(This page intentionally left blank)



140 S. Gilbert Road, Gilbert, AZ 85296
480-497-3300 | www.gilbertschools.net

SUPERINTENDENT

Dr. Shane McCord

ASSOCIATE SUPERINTENDENT

Ms. Bonnie J. Betz

ASSISTANT SUPERINTENDENTS

Dr. Jason Martin

Mr. Jared Ryan

Mr. Shawn McIntosh

Ms. Marcie Taylor

**GILBERT PUBLIC SCHOOLS
GOVERNING BOARD**

Mrs. Lori Wood, President

Mrs. Sheila Rogers Uggetti, Clerk

Mrs. Jill Humpherys, Member

Mr. Chad Thompson, Member

Mrs. Ronda Page, Member

December 27, 2023

Citizens and Governing Board
Gilbert Unified School District No. 41
140 South Gilbert Road
Gilbert, Arizona 85296

It is our pleasure to submit to you the Gilbert Unified School District No. 41 (the District otherwise known as Gilbert Public Schools) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. 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.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that

there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE DISTRICT

Gilbert Public Schools (GPS) is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade twelve. GPS resides in the east part of Maricopa County and encompasses about 62 square miles mostly within the Town of Gilbert but includes small areas in the Cities of Chandler and Mesa.

District Governance

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.

The Governing Board consists of five members elected by the public. These five individuals include Board President, Mrs. Lori Wood, Board Clerk, Mrs. Sheila Uggetti, and Board members, Mrs. Jill Humpherys, Mr. Chad Thompson and Mrs. Ronda Page. Mr. Chad Thompson and Mrs. Ronda Page were elected in November of 2022 and began their service in January of 2023.

Under existing statutes, the duties and powers of the Governing Board 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 major operations of the District include education, student transportation, construction and maintenance of District facilities, food services, bookstore, and athletic functions.

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

District Leadership and School Performance

Dr. Shane McCord, in FY 2023, completed his 6th year as superintendent of Gilbert Public Schools. During FY 2019, he led his leadership team in the process of creating a Strategic Operating Plan (SOP). This plan included four main elements surrounding the overall priority of Student Success: Safe and Supportive Schools, Employee Excellence, Family and Community Engagement and finally, Operational Excellence. During FY 2023, consistent with Student Success in the SOP, Dr. McCord initiated a more formal school continuous improvement process that includes quarterly school impact checks to ensure schools are staying consistent and on-task in achieving their own academic goals. For FY 2024, the new year, the focus is on an academic District level continuous improvement process to drive consistency throughout all schools in GPS regarding academic goals for our students.

All of these academic alignment activities along with continued increases in teacher salary, new curricula, new instructional teacher professional development defined within the District Instructional Framework, instructional coaches as well as two principal coaches addressing instructional leadership at all 39 school entities continues to positively impact the District's overall success and achievement. It is expected that the addition of a District-level continuous improvement process will further ensure the academic success of all 32,000 students attending a GPS school.

Specifically, academic achievement for FY 2023 continues to be extraordinary in spite of the continued battle with Covid 19 and associated learning loss due to high absenteeism in both student and staff attendance. During FY 2023, based on Arizona metrics, the performance of GPS schools indicated significant progress in addressing learning loss and increasing student performance.

For background, academic achievement in Arizona is measured based on Section 15-241 of the Arizona Revised Statutes (A.R.S). This statute requires the Arizona Department of Education to develop an annual achievement profile for every public school in the State based on an A through F scale. This system measures year over year student academic growth, proficiency in English Language Arts, Math and Science, the proficiency and academic growth of English Language Learners, indicators that an elementary student is ready for success in high school and that high school students are ready to succeed in a career or higher education pathway. This system also accounts for graduation rates.

Based on this formula, 100% of all pK-12 schools were identified as proficient (C grade or better) with 92% achieving a grade of B or better, improving from 86% last year. In analyzing this data, Curriculum and Assessment staff compared the results of FY 2023 to FY 2019 where FY 2019 represented the year prior to the advent of Covid 19. In that comparison, the FY 2023 average accountability points increase for elementary schools was 87.5 points, an increase from 82.7 points in FY 2019. For secondary schools, average accountability points earned was 79.2, an increase from 75.4 in 2019.

As a consequence of the results shared above, Gilbert Public Schools was awarded an A-District designation by the Department of Education within 185 LEAs out of 596 LEAs (Districts and Charter School Entities) receiving an A letter grade. Of the 185 LEAs, 32 are school districts. Of these school districts, GPS is one of 8 (eight) districts with over ten (10) schools educating over 10,000 students within the district. Chandler Unified and Gilbert Public Schools were the two largest districts receiving this distinction with Chandler educating over 42,000 students and GPS educating over 32,000 students.

Gilbert Public Schools continues to receive numerous district and school awards. For the fourth year in a row, GPS has been awarded the FY 2023 Best School District in the East Valley by the East Valley Tribune. In addition, the Gilbert Chamber of Commerce has awarded the “Employer of Choice” to GPS.

The District has continued to add A+ Schools of Excellence (awarded by the Arizona Education Foundation) with five additional elementary schools; Highland Park, Neely Traditional, Oak Tree, Sonoma Ranch and Val Vista Lakes winning this distinction in FY 2023 bringing the total number of schools awarded since FY 2019 to 14 schools. Another three schools are completing this process in the current 2024 fiscal year. In addition, Neely Traditional Academy has been awarded the distinction of a Blue-Ribbon School following Gilbert Classical Academy which was awarded this distinction in 2019. The U.S. Department of Education recognized 353 National Blue-Ribbon Schools for 2023. This recognition is based on a school's overall academic performance or progress in closing achievement gaps among student subgroups.

Other notable awards received by GPS include the NAMM Foundation Best Communities for Music Education Award for the 4th year in a row and the Publication and Digital Media Excellence Award in Branding and Image Package awarded by the National School Public Relations Association. As always, GPS continues its high achievements in numerous athletic and extracurricular accomplishments – team highlights are bulleted below but there were also numerous individual exceptional performances:

- Desert Ridge Jaguars DRH Division Champions in National Robotics Competition
- Bio-Med competition state champions - Campo Verde High
- Speech and Debate (AIA) Division II State Champion - Mesquite HS - Poetry
- 2023 USA Spirit National Champions in Show Cheer - Campo Verde High
- Cheer & Pom - State Champions - Division I All-Girl Stunt - Highland High
- Cross Country - Highland High Boys Division 1 State Champs
- Cross Country - Highland High Girls Division 1 State Champs
- Campo Verde Girls Division 2 State Runner - Up
- Football - 6A State Champions Highland High
- Track & Field - Girls Division 1 Champions - Highland High
- Track & Field - Girls Division 2 Runner-Up - Campo Verde High
- Track & Field - Boys Division 2 Runner-Up - Campo Verde High
- Boys Basketball - 5A State Champions - Campo Verde High
- Boys Basketball - 6A State Champions Highland High

FACTORS AFFECTING FINANCIAL CONDITION

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

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund, and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all required funds. Funds that are not required to legally adopt a budget may have over-expenditures of budgeted funds. The budget for these funds is simply an estimate of revenues expected and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. A deficit budgeted fund balance does not affect the District’s ability to expend monies. The various circumstances impacting the financial condition of Gilbert Public Schools in this reporting year as well as the current year is discussed below.

The FY 2023 Budget and the Financial Impact of the Coronavirus (Covid-19)

In spite of the ongoing coronavirus pandemic, the State enacted a budget for FY 2023 that included an ongoing increase in operational funding and, for the first time ever, increased the District Additional Assistance (DAA) allocation by inflation resulting in a funding level increase of nearly \$ 2 million. The District Additional Assistance, or DAA, is the State public-school district capital funding and had been adjusted down since FY 2015. The total loss in funding for GPS over the five-year period exceeded \$75.5 M.

The District, in addition to budgeting for a 15% override, and considering the legislative actions associated with the State budget, adopted an FY 2023 budget assuming a loss of 400 students from FY 2022. The District adopted an operation budget of about \$296.5 million, a value about \$28 million more than the prior fiscal year.

As Gilbert Public Schools continues with full in-person learning, the enrollment of the GPS online school – Global Academy – continues to decline to pre-pandemic numbers of around 300 students. The table below shows the changes in student counts, or average daily membership through 100 days. The enrollment or headcount for both fiscal years is included below the table. Please note the increase in In-Person counts and the associated decrease in Online student counts.

	FY 2022 Final Recalc	FY 2022 Revised #4	FY 2023 Adopted	FY2023 Revised #2
In Person	31,377	31,330	30,972	31,233
Arizona Online (AOI) Full-Time	376	416	391	239
Arizona Online (AOI) Part-Time	83	82	73	100
TOTAL	31,836	31,828	31,436	31,572

Enrollment at 100th Day: FY 2022 = 33,121

FY 2023 = 32,794 - a loss of 327 enrollees 100th day to 100th day

Note from the table above that GPS realized a total student count loss of about 264 students allowing GPS to increase its budget during the 2023 fiscal year. As a reminder, Arizona school districts have been funded based on current year student counts (ADM) since fiscal year 2017.

Please see below a second table that shows the changes in budget capacity realized throughout this reporting year.

Budget Item	FY 2022 Revised #4	FY 2023 Adopted	FY 2023 Revised #1	FY2023 Revised #2
Weighted Student Count	45,069	44,539	45,778	45,789
Revenue Control Limit (RCL)	\$ 193.43 M	\$ 229.68 M	\$ 231.60 M	\$ 231.65 M
15% Override (Based on PY Weighted ADM)	31.09 M	34.73 M	34.73 M	34.83 M
Budget Balance Carry Forward (BBCF)	42.11 M	29.87 M	33.17 M	33.17 M
Proposition 123 (exp FY24/25) & Tuition In	2.14 M	2.22 M	2.20 M	2.30 M
Energy Water Savings Transfer	(.35) M	0 M	0 M	0 M
TOTAL Budget Limit for M&O	\$ 268.42 M	\$ 296.50 M	\$ 301.70 M	\$ 301.95 M
Budget Increase from FY 2023 Adopted			5.20 M	5.45 M

First, in spite of a planned decrease in student counts of 400 students, the Adopted Budget showed a year over year increase of over \$28 M. The legislature approved a funding level per student of more than 2% increasing the amount per student from \$4,445.53 to 4,775.27 or by about \$330 per student. In addition, during the year, note the increased budget capacity from adopted due to the increases in student counts and increases in Budget Balance Carry-forward (BBCF). From Adopted budget, the M&O (Maintenance and Operations) increased by about \$5.4 M.

Due to the overall substantial increase in State resources, the Governing Board approved programmatic increases for additional instructional and behavior coaches, additional support expanding the elementary Acceleration campus FTEs (Full-time equivalents) as well as additional security personnel at all pK-12 schools. Also, the Governing Board approved making the prior year retention stipend of 3% an ongoing increase and then increased that by another 3% across all employee groups. When the legislature finally completed its work, an additional about \$16.3 M was allocated out. Starting teacher salary as well as teachers and other salaried staff were increased by over \$4,500 in their annualized salary and all hourly staff members received an additional \$2 per hour. Over \$30 M was added to retain and attract high quality personnel in all positions throughout the District. All of these budgetary increases were consistent with the goals specified in the Strategic Operating Plan.

As expected, the District maintained the increased spending associated with the Coronavirus to include significant inflationary increases. Custodial supplies and services continued and numerous personal protective equipment items (N-95 masks, Plexiglas barriers, face shields) continued to be purchased. Notable inflationary increases occurred in utilities and in fuel where a gallon of diesel for the District busses increased by over \$2 per gallon. All of these expenditures have been accounted for in both operating funds as well as remaining eligible ESSER monies.

As has been the practice from FY 2020 through FY 2023, the District purposefully controlled FY 2023 spend of local funds and judiciously continued to use available Federal and State CARES Act funding. The control of spend was important due to the uncertainty of the ongoing pandemic and the resulting potential enrollment loss.

Local Economy

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. Many of the details presented below can also be found in the Town of Gilbert Annual Comprehensive Financial Report found at:

<https://www.gilbertaz.gov/departments/finance-mgmt-services/annual-comprehensive-financialreport>

The District is located in the southeast portion of Maricopa County. Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,226 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such other towns as Paradise Valley and Fountain Hills along with Gilbert. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. Maricopa County has a very wide range of economic sectors supporting its substantial growth. Less than 16 percent of the County is incorporated in cities and towns. The County's 2020 population was estimated at 4.4 million and is expected to reach 6 million by 2030.

Service is the largest employment sector in the County, partly fueled by the tourist industry. The County has excellent accommodations, diverse cultural and recreational activities, national sports, 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. The metropolitan area provides excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, and one state university with four campuses.

Gilbert is the principal town within the District along with portions of Maricopa County property and portions of the cities of Mesa and Chandler. For the past 10 years, Gilbert Public Schools has been ranked first as the largest employer within the Town.

Gilbert became a prime farming community fueled by the construction of a railroad line in 1902 as well as construction of the Roosevelt Dam and the Eastern and Consolidated Irrigation Canals in 1911. Gilbert has experienced a rapid transition from a historically agriculture-based community to an urban center and suburb in the Phoenix Metropolitan area, which is ranked in the top ten best areas in the country for business, with technology leading the field of growth. Gilbert has grown at a pace unparalleled by most communities in the United States, increasing in population from 5,717 in 1980 to over an estimated population of 280,000 in 2023. As Gilbert has aged and grown – the Town turned 100 in 2020 - the community has recognized the need to develop a strong, diverse economy while reserving its highly desirable quality of life.

Today, the Town of Gilbert is a young, affluent community that saw tremendous growth during the past two decades. In addition, Gilbert has been named one of the Best Places to Live in the nation by Money Magazine - Gilbert is a safe, clean and vibrant community dedicated to providing quality services at the best value. Gilbert is a community committed to education; 46.2% of residents age 25 and older hold a bachelor's degree or higher, compared with about 32.0% statewide and 35.1% nationally. Notable employers like Banner Health, Banner MD Anderson Cancer Center, Dignity Health, Deloitte, Footprint, Silent-Aire, Northrop Grumman, Zero Electric Vehicles, Li-Cycle, Lockheed Martin, and the worldwide headquarters of Isagenix benefit from this commitment to education and have helped keep Gilbert's fiscal year 2022 unemployment rate at 2.8%, as compared to 3.7% for the state.

Gilbert has received numerous awards and recognitions, a few of which are included below:

- ☐ AAA Bond rating from all three major rating agencies (S&P, Moody's, and Fitch)
- ☐ Ranked #1 as the Best Place to Live in Arizona – Ranking Arizona, 2022
- ☐ 6th Best City to Raise a Family in the West (Dwellics, 2022)
- ☐ Most Prosperous Large City (Economic Innovation Group, 2020)
- ☐ 2nd Best City for First-Time Home Buyers (WalletHub, 2021)
- ☐ 3rd Safest City in Arizona (SafeWise, 2021)

Finally, the housing market and commercial development within the Town of Gilbert continues to be strong. During FY 2022, the limited assessed value grew by 7.2%. This continued assessed value growth decreases the risk of greater property tax delinquencies associated with economic declines and allows the Town to continue to provide community services within a very affordable tax rate.

Long-term Financial Planning

Beginning in 1985, the District experienced a twenty-year period of rapid enrollment growth. This enrollment growth began slowing down in 2006. Since the 2010-2011 school year the District has experienced a trend of declining enrollment. Though there was an uptick in student counts in FY 2020, as previously mentioned, and a significant reduction in FY 2021 due to the pandemic, student counts increased from 2021 but continues a slow decline in 2023 and the current year, 2024.

Due to this continuing slow decline, GPS engaged in a Master Capital Planning process throughout FY 2023 ensuring that the District is prioritizing capital spend where it is most needed. The District partnering firms, Orcutt-Winslow and Ameresco, presented the status of GPS facilities in the spring of 2023. The overall facility portfolio statistics are included below:

1. Total GSF (gross square footage: 4.82M Sq. Ft)
2. Total CRV (Current Replacement Value: \$1.81B)
3. Approximately 75% of the portfolio's square footage was constructed in the 1990's and 2000's
4. Average age of GPS portfolio is 32 years (circa 1991)

To date, there is an outstanding deferred maintenance amount of about \$198 million. In spite of this significant amount, the Average Facility Condition Index (FCI) for Gilbert Public Schools hovers around 8.7% which places the District portfolio in the "fair" range. As reference, Ameresco's book of business average is around 20% so the annual investment of around \$22 million has allowed GPS to "fairly" maintain our educational facilities.

As the school buildings at GPS continue to age (23 school buildings are older than 20 years and 16 additional schools were built between 2000 and 2010) there is increasing pressure to reinvest capital resources ensuring the continued safe and comfortable learning environments for the District's over 32,000 students. This reinvestment began in earnest following the 2015 and 2019 successful Bond elections in which the local voter approved a total of \$ 198 M of bond authority to meet ongoing building, technology, security and transportation needs through FY 2025.

Over the past two years, over \$22 M has been spent annually renovating and upgrading school facilities. The final \$18 M of existing authority was sold in May of 2023 providing the needed resources to complete summer projects renovating school facilities throughout the District. To date, about \$8 million remains to be spent.

As previously mentioned, the District held an election in November 2019 to seek electorate approval for a 15% Maintenance & Operations Override and authorization to issue \$100 million in general obligation (G.O.) bonds. Both the Maintenance & Operations Override and Bond questions were approved. This 15% override is projected to provide approximately \$35 to \$36 million in total budget limit authority over the State formula through fiscal year 2025 decreasing by one-third each year through FY 2027.

Knowing that the override is nearing expiration and that the available bond dollars are limited, the GPS Governing Board approved an election for November of 2023 going out one year early for a renewal of the override. An additional \$100 M of bonding authority was also requested at this election. Unfortunately, the District taxpayer voted down both initiatives. The District leadership team and Governing Board are already actively engaged with determining what the election request will be for November of 2024. Without renewal of the 15% Override, GPS faces a \$12 M reduction in Budget for FY 2026 and up to \$36 M in revenue reductions if the override elections continue to fail. Without additional bonding authority, the limited unrestricted capital dollars must be prioritized against all capital needs so that the District buildings will continue to be operational. Finally, GPS has been successful at selling bonds at the most opportune times allowing for the tax rate to continue to decrease providing great value to the taxpayer.

Finance staff continues to plan for future needs without increasing the Bond Debt Service tax rate. GPS continues to amortize outstanding debt over shorter timeframes allowing new debt to fill in older debt as it is old debt is paid off. Due to these strategies, there is still an opportunity in November of 2024 to be able to manage a no tax rate increase even with an additional \$100 M to \$200 M request of bonding authority.

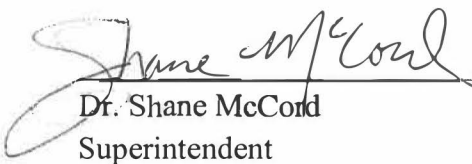
AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2022. This was the 37th consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2022. In order to be awarded these certificates, the District publishes an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. These certificates are valid for a period of one year only.

Acknowledgments. The preparation of the annual comprehensive financial report was made possible by the dedicated service of the entire staff of the business services department, most notably, Ms. Jackie Mattinen, the Director of Finance. 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. Shane McCord
Superintendent


Ms. Bonnie J. Betz
Associate Superintendent
Business and Support Operations



(This page intentionally left blank)



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Gilbert Unified School District 41

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

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



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

**John W. Hutchison
President**

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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Gilbert Unified School District No. 41
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

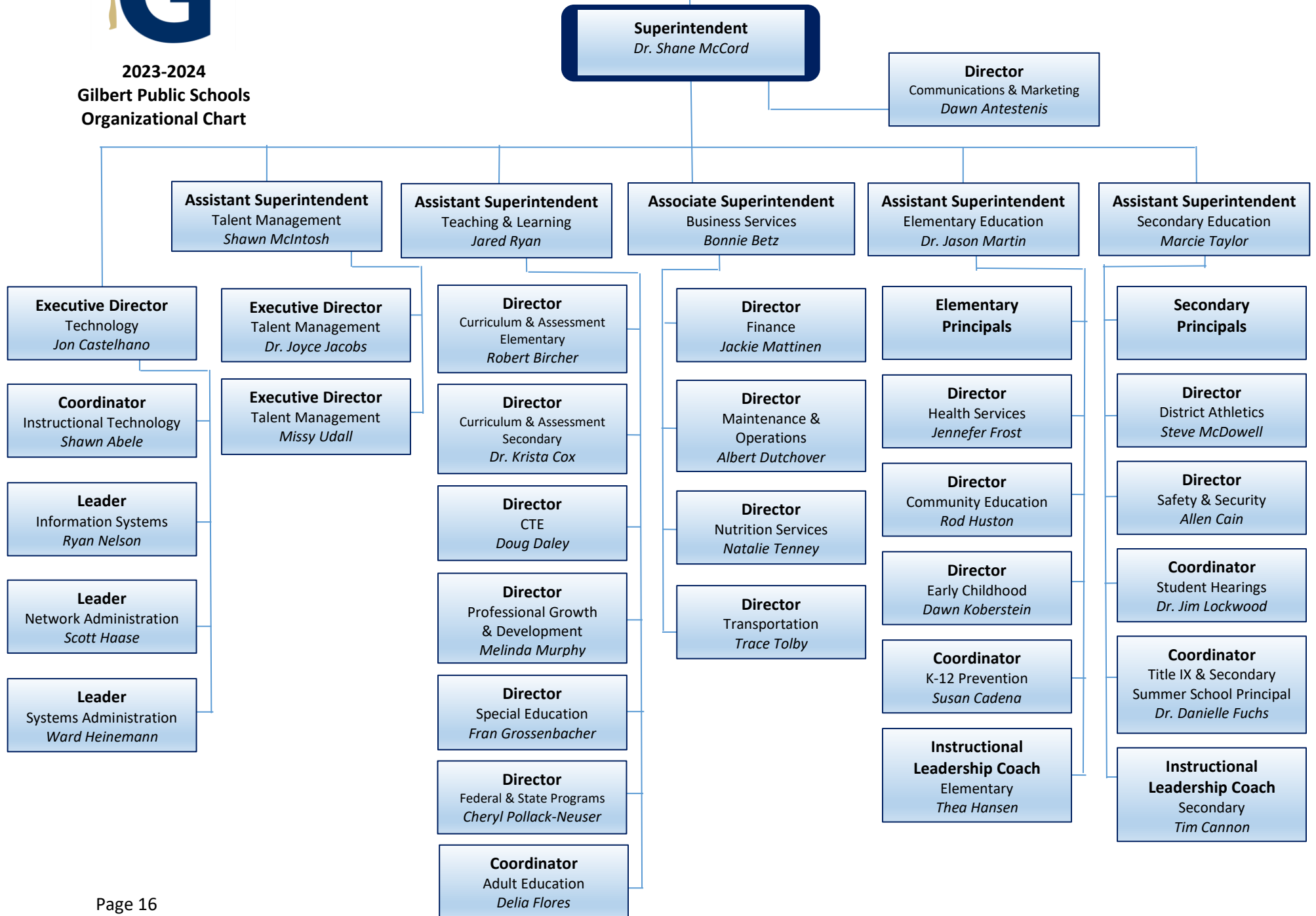
Christopher P. Morill

Executive Director/CEO



**2023-2024
Gilbert Public Schools
Organizational Chart**

GPS GOVERNING BOARD
President Lori Wood, Clerk Sheila Rogers Uggetti, Member Jill Humpherys, Member Chad Thompson, Member Ronda Page



Gilbert Unified School District No. 41

List of Principal Officials

Governing Board

Mrs. Lori Wood, President

Mrs. Sheila Uggetti, Clerk

Mrs. Jill Humpherys, Member

Mrs. Ronda Page, Member

Mr. Chad Thompson, Member

Administrative Staff

Dr. Shane McCord, Superintendent

Bonnie J. Betz, Associate Superintendent of Business and Support Operations

Mr. Shawn McIntosh, Assistant Superintendent of Talent Management

Mr. Jared Ryan, Assistant Superintendent of Teaching and Learning

Ms. Marcie Taylor, Assistant Superintendent of Secondary Schools

Dr. Jason Martin, Assistant Superintendent of Elementary Schools



(This page intentionally left blank)

Financial Section



(This page intentionally left blank)

Independent Auditor's Report

Governing Board
Gilbert Unified School District No. 41

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 Gilbert Unified School District No. 41 (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilbert Unified School District No. 41, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Gilbert Unified School District No. 41 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, 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 27, 2023, on our consideration of Gilbert Unified School District No. 41'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 Gilbert Unified School District No. 41'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 Gilbert Unified School District No. 41's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 27, 2023



This page intentionally left blank)

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



(This page intentionally left blank)

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

As management of the Gilbert Unified School District No. 41 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The Management's Discussion and Analysis is presented as required supplementary information to 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 \$32.8 million which represents a 10 percent increase from the prior fiscal year. This increase was due to the combined effects of increased average daily membership (ADM) or student counts from projection, additional state-aid revenues increasing the per student dollar amount by about \$330 per student, increases in the District Additional Assistance amount by over 11 percent as well as the continued focus on controlling spend. In addition, the final \$18 million of bond authority was sold in May of 2023 providing an increase of \$18 million in the Bond Fund through June 30, 2023. Though numerous projects were started in May, most of the payment of project invoices occurred in July and August. To date (December 2023), about \$8 million in bond proceeds is unspent.
- General revenues from the government-wide activities accounted for \$347.8 million in revenue, or 83 percent of all current fiscal year revenues. This revenue amounts to about a \$21.8 million increase over the prior year. Program specific revenue in the form of charges for services and grants and contributions accounted for \$73.6 million or 17 percent of total current fiscal year revenues. This value is a decrease of \$450,888 from the prior year due to FY 2023 being the first year in three years in which school districts in the nation were not operating under the Universal Free Breakfast and Lunch programs.
- The District reported approximately \$388.6 million in expenses related to governmental activities, a 13 percent increase from the prior fiscal year for a total increase of about \$43.2 million.
 - Due to increases in State funding approved by the legislature, and maintaining the level of funding in Classroom Site Fund, GPS was able to provide substantial increases to all employees both hourly and exempt. In June, the Governing Board approved a 6 percent salary increase for all exempt employees and in July, upon the completion of the legislative session, approved an additional \$4,572/FTE on the base salary. Hourly workers were awarded an ongoing 3% pay increase and an additional \$2.00/hr. As the filling of hard to fill positions continued during FY 2023, it was important to maintain competitive salaries in all positions.
 - Pandemic related expectations: Though the pandemic waned substantially during FY 2023, the resulting inflation placed budgetary constraints on transportation - diesel fuel prices increased by over \$2/gallon, utilities increased, and schools experienced increased costs in custodial supplies. All Covid-19 related spend continued throughout FY 2023, and the level of activity associated with the Bond projects maintained the capital spend year over year.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Financial Highlights (Cont'd)

- Among major funds, the General Fund had \$296.7 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$287.6 million in expenditures. The General Fund's fund balance increase from \$124.7 million at the prior fiscal year end to \$135.7 million at the end of the current fiscal year was primarily due to more revenue from expected due to increases in ADM from projection, as well as the continued control of spend.
- Net position for the Internal Service Funds increased about \$6.0 million from the prior fiscal year. Operating revenues of \$28.9 million exceeded operating expenses of \$23.5 million at the end of the current fiscal year. As the largest internal service fund, the Employee Benefit Trust continued to perform exceptionally well during FY 2023. In addition, a major change to the financial operation of the EBT was adopted in December of 2022. Prior to December of 2022, the Employee Benefit Trust was a VEBA Trust – a trust in which the fiduciary was US Bank. There was minimal, if any, financial oversight nor a strategy for safely investing monies held in reserve. At the December 14, 2022 Governing Board Meeting, Staff recommended that the District form a formal Employee Benefit Trust and create a formal Employee Benefit Trust Board. Later in the Spring, the Governing Board also adopted a very safe investment policy complying with State statute and ensuring the preservation of EBT reserve balances. Though a positive investment result was not reported at year end due to requiring outstanding investments to be marked to market, to date the EBT reserve investments have contributed over \$500,000 to the EBT reserves.

The Employee Benefit Trust Board members were approved and now serving are: Bonnie J. Betz, Associate Superintendent, Mrs. Sheila Uggetti, District Governing Board Member, Mr. Reed Carr, Mr. Mark Weech and Dr. Charles Santa Cruz. These members took their seats in January. This formal trust board is now responsible for the fiduciary oversight of the EBT Fund.

Overview of Financial Statements

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

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

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements (Cont'd)

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 are reported by functional area and 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. Unlike the government-wide financial statements, however, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements (Cont'd)

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

Proprietary funds. The District maintains one type of proprietary fund, Internal Service Funds. These funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its Employee Benefit Trust activity. 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. The other internal service fund is the District Services Fund, which accounts for the operation of District functions that provide goods or services to other district departments on a cost reimbursement basis. The District Services Fund accounts for Print Shop activity as well as Technology equipment repair activities requested by various school and departmental entities within the District.

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

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

Other information. In addition to the basic financial statements and accompanying Notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Fund as required supplementary information. Please note that the General Fund budgetary schedule only considers the activity of the GPS Maintenance and Operations Fund which is the main operating fund within the District and has the statutorily required budgetary controls. The other smaller funds included in the "General Fund" at the Governmental Fund Statements are primarily cash-controlled funds – the monies can be spent as long as there is cash available to pay for the activity. Schedules for the pension benefit plan have also been provided as required supplementary information.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$377.1 million at the current fiscal year end. This net position represents an increase over the prior year of \$32.8 million.

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

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

	As of June 30, 2023	As of June 30, 2022
Current and other assets	\$ 294,628,912	\$ 303,698,568
Capital assets, net	537,368,892	498,018,011
Total assets	<u>831,997,804</u>	<u>801,716,579</u>
Deferred outflows	<u>45,450,362</u>	<u>62,866,473</u>
Current and other liabilities	28,627,075	31,457,291
Long-term liabilities	458,911,443	413,877,326
Total liabilities	<u>487,538,518</u>	<u>445,334,617</u>
Deferred inflows	<u>12,768,886</u>	<u>74,886,019</u>
Net position:		
Net investment in capital assets	397,210,926	378,649,477
Restricted	52,686,013	75,322,076
Unrestricted	<u>(72,756,177)</u>	<u>(109,609,137)</u>
Total net position	<u><u>\$ 377,140,762</u></u>	<u><u>\$ 344,362,416</u></u>

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis (Cont'd)

At the end of the current fiscal year, the District reported positive balances in two categories of net position, net investment in capital assets and restricted. The District reports a negative or deficit unrestricted net position of \$72.8 million, an increase or improvement of \$36.9 million from the deficit of \$109.6 million in the prior year. As was the case in the prior year, this deficit is due to the District's proportionate share of the state pension plan's unfunded liability.

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

- The principal retirement of \$21.7 million of bonds.
- The issuance of \$17.0 million in school improvement bonds and about \$1.2 million in associated premium.
- The addition of \$60.1 million in capital assets through school and administrative building and land improvements and purchases of vehicles, furniture, and equipment.
- The increase of \$51.0 million in pension liabilities.
- Prepayment of \$20 million in future ASRS required contributions.

Pursuant to Senate Bill 1082 and Arizona Revised Statute Title 38 § 737, the Arizona State Retirement System has implemented an innovative program for employers to voluntarily prepay future pension contribution obligations while maintaining future budget flexibility. The Contribution Prepayment Program (CPP) is a voluntary program available to ASRS employers. The CPP allows a school district to maintain budget flexibility by allowing employers to determine when to utilize the prepaid CPP balances (possibly during future economic downturns when budgets are more restricted).

Employers may deposit a lump-sum payment to the ASRS which is credited with actual ASRS investment returns. Employers determine when, in the future, to utilize their prepaid contributions. Utilization occurs when an employer decides to offset their future contribution payments. Employers determine the length of time (amortization period) over which to utilize their prepaid contributions.

Any pre-contributions made to the ASRS Trust pool will be invested pursuant to their investment policies and so there exists some risk to loss of principal. Over the past 10 years, there has not been a single year in which the investments have resulted in a loss in principal. Overall, ASRS outperforms most comparable organizations throughout the Nation.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

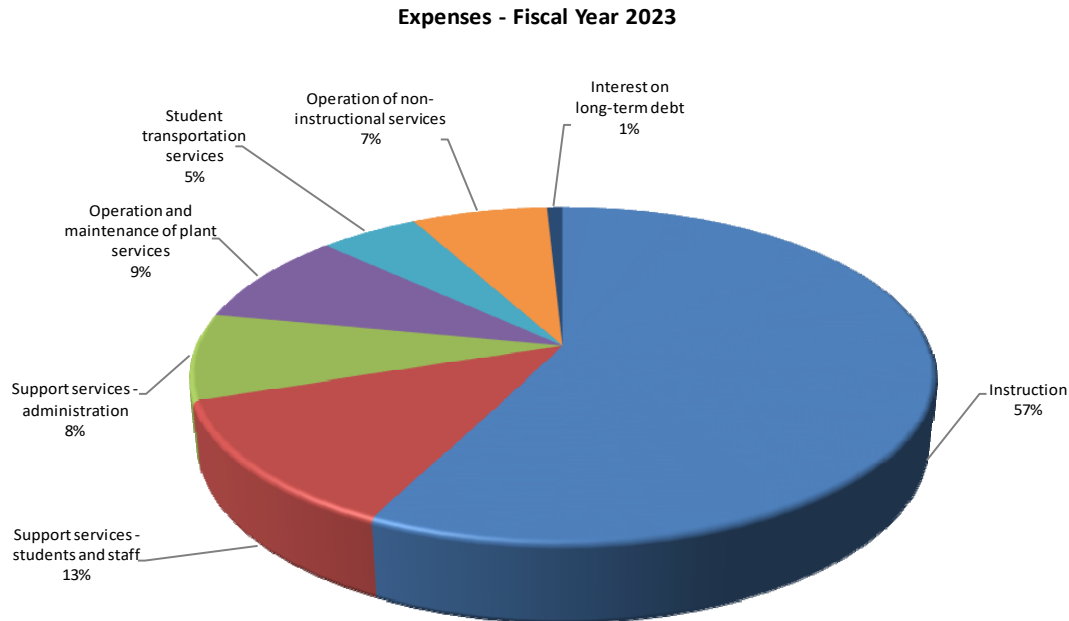
Government-Wide Financial Analysis (Cont'd)

Changes in net position. The District's total revenues for the current fiscal year were \$421.4 million. The total cost of all programs and services was \$388.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
Revenues:		
Program revenues:		
Charges for services	\$ 35,527,719	\$ 22,275,383
Operating grants and contributions	35,431,596	51,117,253
Capital grants and contributions	2,604,818	622,385
General revenues:		
Property taxes	131,181,082	128,822,945
Investment income	4,647,404	1,281,870
Unrestricted county aid		13,007,023
Unrestricted state aid	210,470,399	177,046,289
Unrestricted federal aid	1,544,098	2,236,384
Gain on sale of capital assets		3,630,239
Total revenues	<u>421,407,116</u>	<u>400,039,771</u>
Expenses:		
Instruction	222,645,033	198,299,042
Support services - students and staff	49,128,719	42,095,483
Support services - administration	31,905,385	28,626,134
Operation and maintenance of plant services	34,901,940	29,128,343
Student transportation services	19,817,082	18,054,689
Operation of non-instructional services	27,008,078	24,760,192
Interest on long-term debt	3,222,533	4,433,284
Total expenses	<u>388,628,770</u>	<u>345,397,167</u>
Changes in net position	<u>32,778,346</u>	<u>54,642,604</u>
Net position, beginning	<u>344,362,416</u>	<u>289,719,812</u>
Net position, ending	<u><u>\$ 377,140,762</u></u>	<u><u>\$ 344,362,416</u></u>

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis (Cont'd)



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

- An increase of \$33.4 million in unrestricted state aid as a result of the legislature approving increases in per pupil funding by over \$330/student and increasing for the first time the District Additional Assistance allocation by over 11 percent.
- An increase of \$24.3 million in instruction expenses as a result of the award of ongoing salary increases bringing the starting teacher salary up to \$52,000/FTE, an increase of \$4,572/FTE on top of an ongoing 6 percent pay increase.
- An increase of \$7.0 million in support services – students and staff as a result of the award of ongoing pay increases to professionals that equate to the teacher increases as well as an ongoing 3% pay increase plus \$2/hr. more for each hourly staff member.

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.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis (Cont'd)

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 222,645,033	\$(188,096,821)	\$ 198,299,042	\$(164,310,724)
Support services - students and staff	49,128,719	(44,632,650)	42,095,483	(36,651,209)
Support services - administration	31,905,385	(31,175,338)	28,626,134	(27,715,845)
Operation and maintenance of plant services	34,901,940	(32,228,140)	29,128,343	(28,033,836)
Student transportation services	19,817,082	(19,417,124)	18,054,689	(18,041,027)
Operation of non-instructional services	27,008,078	3,701,425	24,760,192	7,796,083
Interest on long-term debt	3,222,533	(3,215,989)	4,433,284	(4,425,588)
Total	<u>\$ 388,628,770</u>	<u>\$(315,064,637)</u>	<u>\$ 345,397,167</u>	<u>\$(271,382,146)</u>

- The cost of all governmental activities this year was \$388.6 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$73.6 million.
- Net cost of governmental activities of \$315.1 million was financed by general revenues, which are made up of primarily property taxes of \$131.2 million and state aid of \$210.5 million. Investment earnings accounted for \$4.6 million of funding, along with about \$1.5 million in Medicaid reimbursements.

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 \$208.1 million, a decrease of \$5.8 million due primarily to the expiration of the Universal Free Breakfast and Lunch program with the planned drawdown of Food Service Fund reserves.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Financial Analysis of the District's Funds (Cont'd)

The General Fund comprises 65 percent of the total fund balance. Approximately \$60.4 million, or 45 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. General Fund expenditures increased \$37.1 million or 15 percent. Of this amount, \$30.0 million was due to wage increases. The rest of the change was due to the addition of instructional support personnel as well as security personnel.

As of FY 2022, the District includes the Unrestricted Capital Fund as a part of the General Fund. As mentioned in the Letter of Transmittal, fiscal year 2022 represents the first year since fiscal year 2015 that the District Additional Assistance (the main statutory formula providing capital funds in the Unrestricted Capital Fund) was fully funded. The cumulative loss in capital funding since fiscal year 2015 exceeds \$75.5 million. This reporting year included an 11 percent increase in the District Additional Assistance per pupil allocation which was well received.

The General Fund contributed \$11.0 million to the fund balance due to the increase in state equalization revenues associated with more students, the DAA allocation increase as well as the continued focus on controlling spend.

Fund balance in the Federal and State Grants was a deficit of \$5.7 million, an improvement of about \$6 million from last year. The District has requested the reimbursement associated with the allocation of IDEA grant monies as well as Title monies.

The fund balance in the Debt Service Fund increased \$861,878 to \$1.9 million at year end as a result of continued receipt of back taxes. This activity is purposeful as any available fund balance in the Debt Service Fund must be drawn down to manage or decrease the local tax levy for the repayment of General Obligation (G.O.) Debt.

The fund balance in the Bond Building Fund decreased \$27.2 million. The District issued \$17.0 million in General Obligation bonds in addition to the \$1.2 million in premium. Gilbert Public Schools continues to quickly spend bond proceeds to catch up with various building renewal projects deferred in the past due to lack of funds.

The Bond Building Fund continues to be drawn down as critical capital projects are prioritized and completed. Though the fund balance at June 30, 2023 reflects a \$27.9 million balance, the summer projects completed through October of 2023 resulted in a fund balance to date of just over \$8 million.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Financial Analysis of the District's Funds (Cont'd)

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$26.2 million. The increase of about \$6.0 million from prior fiscal year was primarily due to a positive change to the IBNR (Incurred but Not Reported Reserves) associated with the claims experience the last 18 months as well as the continued positive performance regarding claims experience in FY 2023 that was comparable to the claims experience in FY 2022. This \$6.0 million increase was also realized even with the awarded premium holiday scheduled in October of 2022. Finally, the Employee Benefit Trust (EBT) committee continues to make recommendations to the Governing Board that are conservative ensuring the ongoing sustainability of the EBT Fund. As mentioned earlier, the formal Trust Board will now be making those recommendations directly to the Governing Board upon input from the ongoing EBT Committee.

General Fund Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in legislative allowances to include ADM increases from the Adopted Budget. Arizona school districts are now funded based on current year ADM or student counts. The difference between the original budget and the final amended budget was a \$5.4 million increase, or two percent. As stated in the Letter of Transmittal, this \$5.4 million increase was directly related to an increase in weighted student counts of over 170 students as well as an increase in the BBCF (budget balance carryforward) realized after submittal of the Annual Financial Report (AFR).

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

- Instruction expenditures were \$12.4 million less than budgeted. This occurred primarily due to vacancies as well as the turnover savings associated with teachers and instructional staff retiring at June 30, 2022. Due to the increases over the year in student membership, additional staff were required throughout the year but often those positions are difficult to fill after the first of the calendar year.
- In Arizona, in order to have the authority to spend all the Maintenance and Operations as well as Unrestricted Capital resources available, the full amount of available resources must be budgeted to spend. When budgeting to the maximum general budget limit but spend is not required, the result is an increase in the budget balance carryforward. This occurrence results in greater budget capacity in future years allowing GPS flexibility in the event of a future downturn in the economy or the advent of an unforeseen event such as the Covid 19 pandemic. The Governing Board has approved in policy a Maintenance and Operations Fund carryover target of 4 percent. This amounts to about \$12.0 million in the main operating fund of GPS.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

General Fund Budgetary Highlights (Cont'd)

- Operation and maintenance of plant services expenditures were \$4.0 million less than budgeted due to capital project costs being borne by the Bond Building Fund instead of by Unrestricted Capital.

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$803.3 million in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$54.9 million from the prior fiscal year. Thanks to the support of the local taxpayer, Gilbert Public Schools prioritizes reinvesting into school buildings on behalf of the about 32,000 students. Total depreciation expense for the current fiscal year was \$20.1 million.

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

	As of June 30, 2023	As of June 30, 2022
Capital assets - non-depreciable	\$ 54,322,405	\$ 46,690,368
Capital assets - depreciable, net	483,046,487	451,327,643
Total	<u>\$ 537,368,892</u>	<u>\$ 498,018,011</u>

The estimated cost to complete current construction projects is \$14.7 million. After the current projects are completed, it is estimated that about \$8.0 million will be available for projects scheduled for the summer of 2024. The past two years have resulted in Bond spend of about \$29.5 million and \$45.4 million respectively. It is expected that \$3.5 million to \$8.3 million in school facility renovations to include technology infrastructure will be completed throughout the 2024 fiscal year and will completely spend all available Bond authority from the 2019 election.

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

Debt Administration. At year-end, the District had \$151.4 million in long-term debt outstanding, \$19.7 million due within one year. Long-term debt decreased by \$6.8 million due to the payment of existing debt combined with the issuance of school improvement general obligation bonds closing in May of 2023.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Capital Assets and Debt Administration (Cont'd)

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 \$1.0 billion and the Class B debt limit is \$690.3 million, both of which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 9 through 11.

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 budget. The main assumptions are discussed below:

- Fiscal year 2023 budget balance carryforward: at fiscal year 2024 Budget Adoption, this amount was estimated at about \$12.0 million. Based on the end of year work to maximize budget balance carryforward (BBCF) as much as possible due to the unknowns associated with the ongoing Coronavirus pandemic and the ongoing decline in enrollment, the final BBCF increased to about \$18 million. Again, this increase was directly attributable to moving appropriate general fund expenses into Federal or other eligible Special Revenue Funds as well as encumbrance release associated with the control of spending.
- Average daily membership (ADM): estimated at 400 ADM less than the final revised budget for fiscal year 2023 for a total of 30,833 ADM. The total student counts realized to date are actually closer to a 600 ADM loss. In spite of that loss, additional weighted students were realized at 2023 year end as well as the additional BBCF resulting in GPS not required to revise the FY 2024 budget by December 15, 2023. It is expected that ADM will continue to change through the remainder of FY 2024 but the enrollment decline has stabilized year to date.
- The State legislature approved a State budget that included a 2.9 percent inflationary increase to the Base Level Amount per student and included a one-time allocation of funds of just over \$8 million for GPS. The Governing Board approved moving this one-time amount into unrestricted capital.
- The State legislature approved the continued full District Additional Assistance (a capital allocation) and increased that per student amount by about 9.4 percent. Finally, the Classroom Site Fund (CSF) Allocation was increased by \$50/student from \$708 to \$758. This allocation was used to provide much needed salary increases to all staff eligible to receive CSF monies.

Gilbert Unified School District No. 41
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Economic Factors and Next Year's Budget and Rates

Budgeted expenditures in the General Fund increased \$5.5 million (putting aside the impact of the BBCF as that is one-time money) to \$274.2 million in fiscal year 2024 (compared to \$268.8 million in 2023) due to an ongoing 3 percent pay increase for all exempt staff to include teachers and an increase of \$1/hr. for all hourly staff members. About \$5 million of CSF monies was used to help pay for these increases to eligible employees. These increases were approved by the Governing Board in June of 2023.

State aid and property taxes are expected to be the primary funding sources for the General Fund. Due to various parameters, the final tax rate levied for Gilbert Public Schools for both primary and secondary purposes was 11.7 cents less than fiscal year 2023 for a total rate of 5.6955 per \$100 of assessed value from 5.8127 per \$100 of assessed value in 2022. No new programs were added to the 2023-2024 school year budget.

Contacting the District's Financial Management

This financial report is designed to provide the Gilbert Public Schools citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business Services Department, Gilbert Unified School District No. 41, 140 South Gilbert Road, Gilbert, Arizona 85296 or at (480) 497-3444.

Basic Financial Statements



(This page intentionally left blank)

Government-Wide Financial Statements

Gilbert Unified School District No. 41
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 216,843,957
Deposits	201,612
Property taxes receivable	1,637,005
Due from governmental entities	47,604,329
Prepaid items	3,427,543
Inventory	1,084,902
Leases receivable	3,321,957
Total current assets	<u>274,121,305</u>
Noncurrent assets:	
Restricted cash and investments	20,507,607
Capital assets not being depreciated	54,322,405
Capital assets, net accumulated depreciation	483,046,487
Total noncurrent assets	<u>557,876,499</u>
Total assets	<u>831,997,804</u>
 Deferred outflows of resources	
Deferred charge on refunding	361,884
Pension plan items	45,088,478
Total deferred outflows of resources	<u>45,450,362</u>
 Liabilities	
Current liabilities:	
Accounts payable	11,285,570
Claims payable	2,546,000
Accrued payroll and employee benefits	11,366,184
Unearned revenues	520,237
Compensated absences payable	974,994
Bonds payable	19,700,000
Accrued interest payable	2,909,084
Total current liabilities	<u>49,302,069</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	438,236,449
Total noncurrent liabilities	<u>438,236,449</u>
Total liabilities	<u>487,538,518</u>
 Deferred inflows of resources	
Pension plan items	9,505,303
Leases	3,263,583
Total deferred inflows of resources	<u>12,768,886</u>
 Net position	
Net investment in capital assets	397,210,926
Restricted for:	
State funds/grants	23,182,949
Other local	18,458,765
Career technical education	9,061,470
Debt service	1,982,829
Unrestricted	(72,756,177)
Total net position	<u>\$ 377,140,762</u>

Gilbert Unified School District No. 41
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
		Services			Governmental Activities
Governmental activities					
Instruction	\$ 222,645,033	\$ 11,377,692	\$ 20,565,702	\$ 2,604,818	\$ (188,096,821)
Support services - students and staff	49,128,719		4,496,069		(44,632,650)
Support services - administration	31,905,385		730,047		(31,175,338)
Operation and maintenance of plant services	34,901,940	1,278,240	1,395,560		(32,228,140)
Student transportation services	19,817,082		399,958		(19,417,124)
Operation of non-instructional services	27,008,078	22,871,787	7,837,716		3,701,425
Interest on long-term debt	3,222,533		6,544		(3,215,989)
Total governmental activities	<u>\$ 388,628,770</u>	<u>\$ 35,527,719</u>	<u>\$ 35,431,596</u>	<u>\$ 2,604,818</u>	<u>(315,064,637)</u>
General revenues					
Property taxes					131,181,082
Investment income					4,647,404
Unrestricted state aid					210,470,399
Unrestricted federal aid					1,544,098
Total general revenues					<u>347,842,983</u>
Changes in net position					32,778,346
Net position, beginning of year					<u>344,362,416</u>
Net position, end of year					<u>\$ 377,140,762</u>



(This page intentionally left blank)

Fund Financial Statements

Gilbert Unified School District No. 41

Balance Sheet

Governmental Funds

June 30, 2023

		Federal and State			
	General	Grants	Debt Service	Bond Building	
Assets					
Cash and investments	\$ 85,345,797	\$	\$ 24,296,491	\$ 27,914,852	
Restricted cash and investments	20,507,607				
Deposits					
Property taxes receivable	1,341,583		295,422		
Due from governmental entities	36,448,743	8,256,994			
Due from other funds	4,804,355				
Prepaid items	3,427,543				
Inventory	750,652				
Leases receivable					
Total assets	<u>\$ 152,626,280</u>	<u>\$ 8,256,994</u>	<u>\$ 24,591,913</u>	<u>\$ 27,914,852</u>	
Liabilities					
Accounts payable	\$ 8,037,389	\$ 79,456	\$	\$	
Due to other funds		4,744,351			
Accrued payroll and employee benefits	8,357,386	741,732			
Unearned revenues		348,765			
Bonds payable			19,700,000		
Bond interest payable			2,909,084		
Total liabilities	<u>16,394,775</u>	<u>5,914,304</u>	<u>22,609,084</u>		
Deferred inflows of resources					
Unavailable revenues - property taxes	555,345		103,354		
Unavailable revenues - intergovernmental		8,028,859			
Leases					
Total deferred inflows of resources	<u>555,345</u>	<u>8,028,859</u>	<u>103,354</u>		
Fund balances					
Nonspendable	4,178,195				
Restricted	21,065,233		1,879,475	27,914,852	
Assigned	49,988,108				
Unassigned	60,444,624	(5,686,169)			
Total fund balances	<u>135,676,160</u>	<u>(5,686,169)</u>	<u>1,879,475</u>	<u>27,914,852</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 152,626,280</u>	<u>\$ 8,256,994</u>	<u>\$ 24,591,913</u>	<u>\$ 27,914,852</u>	

Non-Major Governmental Funds	Total Governmental Funds
\$ 49,758,148	\$ 187,315,288
	20,507,607
201,612	201,612
	1,637,005
2,898,592	47,604,329
	4,804,355
	3,427,543
334,250	1,084,902
3,321,957	3,321,957
<u>\$ 56,514,559</u>	<u>\$ 269,904,598</u>

\$ 2,393,077	\$ 10,509,922
60,004	4,804,355
2,267,066	11,366,184
171,472	520,237
	19,700,000
	2,909,084
<u>4,891,619</u>	<u>49,809,782</u>

	658,699
	8,028,859
3,263,583	3,263,583
<u>3,263,583</u>	<u>11,951,141</u>

334,250	4,512,445
48,026,244	98,885,804
	49,988,108
(1,137)	54,757,318
<u>48,359,357</u>	<u>208,143,675</u>

<u>\$ 56,514,559</u>	<u>\$ 269,904,598</u>
----------------------	-----------------------



(This page intentionally left blank)

Gilbert Unified School District No. 41
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds **\$ 208,143,675**

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	\$ 803,302,389	
Less accumulated depreciation/amortization	<u>(265,933,497)</u>	
		537,368,892

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

Property taxes	658,699	
Intergovernmental	<u>8,028,859</u>	
		8,687,558

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		361,884
--	--	---------

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

Deferred outflows of resources related to pensions	45,088,478	
Deferred inflows of resources related to pensions	<u>(9,505,303)</u>	
		35,583,175

The Internal Service Fund is used by management to charge the cost of insurance and other services to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.		26,207,021
--	--	------------

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

Compensated absences payable	(14,104,000)	
Bonds payable	(148,734,702)	
Net pension liability	<u>(276,372,741)</u>	
		<u>(439,211,443)</u>

Net position of governmental activities **\$ 377,140,762**

Gilbert Unified School District No. 41
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Federal and State			
	General	Grants	Debt Service	Bond Building
Revenues				
Other local	\$ 8,672,954	\$	\$ 28,520	\$ 896,529
Property taxes	105,457,876		25,454,654	
State aid and grants	180,520,878	3,450,031		
Federal aid, grants and reimbursements	<u>2,078,818</u>	<u>27,843,276</u>	<u>6,544</u>	
Total revenues	<u>296,730,526</u>	<u>31,293,307</u>	<u>25,489,718</u>	<u>896,529</u>
Expenditures				
Current:				
Instruction	152,983,986	16,521,428		
Support services - students and staff	39,068,399	4,064,934		
Support services - administration	26,925,514	675,905		
Operation and maintenance of plant services	32,450,729	764,496		
Student transportation services	15,099,946	363,287		
Operation of non-instructional services	1,118,704	77,439		
Capital outlay	19,645,703	2,604,818		45,117,293
Debt service:				
Principal retirement	273,852		19,700,000	
Interest and fiscal charges	5,022		5,824,369	
Bond issuance costs				<u>252,849</u>
Total expenditures	<u>287,571,855</u>	<u>25,072,307</u>	<u>25,524,369</u>	<u>45,370,142</u>
Excess (deficiency) of revenues over expenditures	<u>9,158,671</u>	<u>6,221,000</u>	<u>(34,651)</u>	<u>(44,473,613)</u>
Other financing sources (uses)				
Transfers in	1,747,699		896,529	
Transfers out		(747,699)		(896,529)
Issuance of school improvement bonds				16,970,000
Premium on sale of bonds				1,180,249
Insurance recoveries	<u>56,541</u>			
Total other financing sources (uses)	<u>1,804,240</u>	<u>(747,699)</u>	<u>896,529</u>	<u>17,253,720</u>
Changes in fund balances	<u>10,962,911</u>	<u>5,473,301</u>	<u>861,878</u>	<u>(27,219,893)</u>
Fund balances, beginning of year	<u>124,713,249</u>	<u>(11,159,470)</u>	<u>1,017,597</u>	<u>55,134,745</u>
Fund balances, end of year	<u>\$ 135,676,160</u>	<u>\$ (5,686,169)</u>	<u>\$ 1,879,475</u>	<u>\$ 27,914,852</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 32,825,941	\$ 42,423,944
	130,912,530
30,010,165	213,981,074
<u>7,761,320</u>	<u>37,689,958</u>
<u>70,597,426</u>	<u>425,007,506</u>
28,392,271	197,897,685
4,967,845	48,101,178
748,739	28,350,158
382,593	33,597,818
478,109	15,941,342
24,967,743	26,163,886
5,524,891	72,892,705
	19,973,852
	5,829,391
	<u>252,849</u>
<u>65,462,191</u>	<u>449,000,864</u>
<u>5,135,235</u>	<u>(23,993,358)</u>
	2,644,228
(1,000,000)	(2,644,228)
	16,970,000
	1,180,249
	<u>56,541</u>
<u>(1,000,000)</u>	<u>18,206,790</u>
<u>4,135,235</u>	<u>(5,786,568)</u>
<u>44,224,122</u>	<u>213,930,243</u>
<u>\$ 48,359,357</u>	<u>\$ 208,143,675</u>

Gilbert Unified School District No. 41
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Changes in fund balances - total governmental funds **\$ (5,786,568)**

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	\$ 60,139,038	
Less current year depreciation/amortization	<u>(20,102,780)</u>	
		40,036,258

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.

Issuance of school improvement bonds		(18,150,249)
--------------------------------------	--	--------------

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

Property taxes	268,552	
Intergovernmental	<u>(4,464,908)</u>	
		(4,196,356)

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

Financed purchase principal retirement	273,852	
Bond principal retirement	<u>19,700,000</u>	
		19,973,852

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

Current year pension contributions	26,791,138	
Pension expense	<u>(32,967,737)</u>	
		(6,176,599)

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

Deferred bond items on issuance of refunding debt	(361,886)	
Loss on disposal of assets	(685,377)	
Amortization of deferred bond items	2,968,744	
Compensated absences	<u>(808,934)</u>	
		1,112,547

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

5,965,461

Changes in net position in governmental activities **\$ 32,778,346**

Gilbert Unified School District No. 41
Statement of Net Position
Proprietary Funds
June 30, 2023

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 29,528,669
Total current assets	<u>29,528,669</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 775,648
Claims payable	<u>2,546,000</u>
Total current liabilities	<u>3,321,648</u>
Net position	
Unrestricted	<u>26,207,021</u>
Total net position	<u><u>\$ 26,207,021</u></u>

Gilbert Unified School District No. 41
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Governmental Activities Internal Service Funds
Operating revenues	
Other local	\$ 685,043
Charges for services	730,855
Contributions	27,482,297
Total operating revenues	<u>28,898,195</u>
Operating expenses	
Claims	19,777,527
Premiums	1,235,406
Administrative fees	1,858,712
Other	600,514
Total operating expenses	<u>23,472,159</u>
Operating income (loss)	<u>5,426,036</u>
Nonoperating revenues (expenses)	
Investment income	539,425
Total nonoperating revenue (expenses)	<u>539,425</u>
Changes in net position	5,965,461
Total net position, beginning of year	<u>20,241,560</u>
Total net position, end of year	<u><u>\$ 26,207,021</u></u>

Gilbert Unified School District No. 41
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	Governmental Activities Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from contributions	\$ 28,132,528
Cash received from other sources	1,415,898
Cash payments to suppliers for goods and services	(3,546,820)
Cash payments for claims	(21,401,527)
Net cash provided by/used for operating activities	<u>4,600,079</u>
Cash flows from investing activities	
Investment income	539,425
Purchase and sales of investments	(3,850,987)
Net cash provided by/used for investing activities	<u>(3,311,562)</u>
Net increase/decrease in cash and cash equivalents	1,288,517
Cash and cash equivalents, beginning of year	<u>24,389,165</u>
Cash and cash equivalents, end of year	<u>\$ 25,677,682</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 29,528,669
Less investments not maturing in less than three months	3,850,987
Total cash and cash equivalents	<u>\$ 25,677,682</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating</u>	
Operating income/loss	\$ 5,426,036
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	650,231
Increase/decrease in accounts payable	147,812
Increase/decrease in claims payable	(1,624,000)
Total adjustments	<u>(825,957)</u>
Net cash provided by/used for operating activities	<u>\$ 4,600,079</u>

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Gilbert Unified School District No. 41 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This Statement increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs. This Statement also requires a government to disclose essential information about the arrangement. The District's analysis of SBITAs in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

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

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the component unit combined with the District for financial statement presentation purposes and the District are not included in any other governmental reporting entity. Consequently, the District's financial statements include 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.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District operations. The Gilbert Unified School District No. 41 Employee Benefit Trust is responsible for providing health insurance for the District's employees. New during fiscal year 2022-23, the District has implemented a formal Trust Board with the following members serving: Ms. Bonnie J. Betz, Associate Superintendent, Mrs. Sheila Uggetti, District Governing Board Member, Mr. Reed Carr, Mr. Mark Weech and Dr. Charles Santa Cruz. The Gilbert Unified School District No. 41 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. Separate financial statements are prepared monthly for the Employee Benefit Trust and may be obtained at the Gilbert Unified School District No. 41's administrative offices, 140 South Gilbert Road, Gilbert, Arizona 85296.

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 interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities or fiduciary activities.

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

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

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

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

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

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

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

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 Arizona Revised Statutes (A.R.S.). These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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

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

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

Additionally, the District reports the following fund types:

Proprietary Funds – The Proprietary Funds are Internal Service Funds that account for activities related to the District's self-insurance program and for providing goods and services to departments or schools within the District.

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

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 money markets, investments in U.S. Treasuries, and cash on deposit with 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 authorizes the District to make payments to the Arizona State Retirement System (ASRS) for the Contribution Prepayment Program (CPP) in accordance with A.R.S. 38-737(D). Pension contributions contributed according to this statute are deposited directly to the ASRS Trust Fund and are irrevocable as outlined in A.R.S. 38-712(C-D). Investments of the ASRS Trust Fund are governed by A.R.S. 38-718 and not by the District investment policies and are pooled with all other ASRS plan participants.

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.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

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 are valued using the first-in/first-out (FIFO) method for food service inventories and the average cost method for supplies and custodial inventories. 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.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to-use assets are amortized over the shorter of the lease/subscription term or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Building improvements	15 years
Building improvements - equipment	5 years
Operations equipment	8 years
Educational equipment	7 years
Transportation/vehicles	15 years
Technology equipment and hardware	5 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.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

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 \$50,000 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.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont'd)

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.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications (Cont'd)

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The Governing Board has delegated authority to assign fund balances to the Superintendent and/or Assistant Superintendent of Business Services.

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 District has established a fund balance policy which states that the District will ensure the District budgets in the Maintenance and Operation Fund a contingency of at least \$2.5 million. The policy also establishes a target of 4% unassigned carryover of the Maintenance and Operation Fund to provide for fiscal stability in the subsequent year.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications (Cont'd)

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

	General	Federal and State Grants	Debt Service	Bond Building	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 750,652	\$	\$	\$	\$
Prepaid items	3,427,543				334,250
Restricted:					
Debt service			1,879,475		
Bond building projects				27,914,852	
Voter approved initiatives					20,840,259
Food service					8,159,410
Civic center					2,755,791
Community schools					2,180,494
Extracurricular activities					2,924,180
Career technical education					9,061,470
Student activities					1,616,064
ASRS CPP	20,507,607				
Other purposes	557,626				488,576
Assigned:					
Capital purposes	49,988,108				
Unassigned	60,444,624	(5,686,169)			(1,137)
Total fund balances	<u>\$ 135,676,160</u>	<u>\$ (5,686,169)</u>	<u>\$ 1,879,475</u>	<u>\$ 27,914,852</u>	<u>\$ 48,359,357</u>

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balance – At year end, the Federal and State Grants Fund and the Other Capital Projects Fund, a non-major governmental fund, reported deficits of \$5,686,169 and \$1,137 in fund balance, respectively. The deficits arose because of operations during the year and prior years and/or because of pending grant reimbursements. Additional revenues received in fiscal year 2023-24 are expected to eliminate the deficits.

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

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 \$15,945,730 and the bank balance was \$21,512,156. At year end, \$20,738,294 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. In addition, the District had \$640 of cash on hand at year end.

The District also had restricted cash and investments of \$20,507,607 held by the ASRS pension plan, related to the CPP. The employer pension plan contributions prepaid by the District and the related accrued earnings are managed at the discretion of ASRS.

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

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

Valuation Techniques. U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Treasury securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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 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.

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

Investment Type	Category	Fair Value	Investment
			Maturities (in Years)
			Less than 1
U.S. Treasuries	Level 2	\$ 10,801,667	\$ 10,801,667
Money Market	Level 1	7,449,309	Not applicable
County Treasurer's investment pool	Not applicable	182,646,611	469 days average maturities
Total		<u>\$ 200,897,587</u>	

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 4 – Cash and Investments (Cont'd)

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 and non-major governmental funds in the aggregate were as follows:

	General	Federal and State Grants	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$ 43,104	\$ 8,217,959	\$ 126,042
Due from state government	36,405,639	39,035	1,680,876
Due from other districts			1,091,674
Net due from governmental entities	<u>\$ 36,448,743</u>	<u>\$ 8,256,994</u>	<u>\$ 2,898,592</u>

Note 6 – Leases Receivable

The District acts as lessor in various agreements, most of which are for telecommunication easements 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 \$221,977 and related interest revenue of \$8,619 are recorded as other local revenue in the Other Special Revenue Fund, a non-major governmental fund.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 6 – Leases Receivable (Cont'd)

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

Year Ending June 30:		
2024	\$	203,709
2025		207,300
2026		205,539
2027		207,829
2028		210,331
2029-33		773,567
2034-38		413,320
2039-43		453,232
2044-48		410,879
2049-53		264,868
2054-57		69,927
Total	\$	<u>3,420,501</u>

Note 7 – Capital Assets

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

Governmental Activities	Beginning Balance	Reclassifications	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 35,992,704	\$	\$	\$	\$ 35,992,704
Construction in progress	10,697,664		18,221,429	10,589,392	18,329,701
Total capital assets, not being depreciated	<u>46,690,368</u>		<u>18,221,429</u>	<u>10,589,392</u>	<u>54,322,405</u>
Capital assets, being depreciated:					
Land improvements	32,843,076	(9,452,926)			\$ 23,390,150
Buildings and improvements	608,495,925	19,480,043	31,145,921		659,121,889
Vehicles, furniture and equipment	60,333,329	(10,027,117)	21,361,080	5,199,347	66,467,945
Total capital assets being depreciated	<u>701,672,330</u>		<u>52,507,001</u>	<u>5,199,347</u>	<u>748,979,984</u>
Less accumulated depreciation for:					
Land improvements	(14,684,835)	4,522,640	(706,428)		(10,868,623)
Buildings and improvements	(208,068,089)	(7,683,560)	(15,317,644)		(231,069,293)
Vehicles, furniture and equipment	(27,591,763)	3,160,920	(4,078,708)	(4,513,970)	(23,995,581)
Total accumulated depreciation	<u>(250,344,687)</u>		<u>(20,102,780)</u>	<u>(4,513,970)</u>	<u>(265,933,497)</u>
Total capital assets, being depreciated, net	<u>451,327,643</u>		<u>32,404,221</u>	<u>685,377</u>	<u>483,046,487</u>
Governmental activities capital assets, net	<u>\$ 498,018,011</u>	<u>\$</u>	<u>\$ 50,625,650</u>	<u>\$ 11,274,769</u>	<u>\$ 537,368,892</u>

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 7 – Capital Assets (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 16,697,911
Support services – students and staff	266,358
Support services – administration	1,093,648
Operation and maintenance of plant services	428,793
Student transportation services	1,486,854
Operation of non-instructional services	<u>129,216</u>
Total depreciation expense – governmental activities	<u>\$ 20,102,780</u>

Construction Commitments – At year end, the District had contractual commitments related to renovations at several school sites. At year end the District had spent \$18.3 million on the projects and had estimated remaining contractual commitments of \$14.7 million. These projects are being funded with bond proceeds.

Note 8 – 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 \$45 million in unused line of credit. The District did not use the line of credit during the current fiscal year.

Note 9 – Financed Purchases Payable

The District has acquired copiers under the provisions of contracts classified as financed purchases payable. Revenues from the General Fund are used to pay the debt obligation. As of June 30, 2023, the financed purchase obligation was paid in full.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

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 \$1.0 billion, and the available margin is \$867.0 million. In addition, a portion of the District's school improvement bonds are Qualified Build America Bonds, as such it is expected the District will receive direct subsidy payments from the United States of America for a portion of the interest due on the bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2023	Due Within One Year
Governmental activities:					
School Improvement Bonds					
Project of 2007, Series C (2010)	\$ 4,000,000	5.88%	7/1/23	\$ 675,000	\$ 675,000
School Improvement Bonds					
Project of 2015, Series A (2016)	31,300,000	3.00%	7/1/26-31	17,810,000	
Refunding Bonds, Series 2016	38,445,000	2.00%	7/1/2023	1,075,000	1,075,000
School Improvement Bonds					
Project of 2015, Series B (2018)	27,810,000	5.00%	7/1/23-31	19,885,000	4,100,000
School Improvement Bonds					
Project of 2015, Series C (2019)	24,620,000	5.00%	7/1/23-25	18,120,000	6,000,000
School Improvement Bonds					
Project of 2015 and 2019, Series 2020	34,345,000	1.00-5.00%	7/1/23-28	34,345,000	5,850,000
School Improvement Bonds					
Project of 2019B, Series 2022	43,750,000	2.00-5.00%	7/1/22-31	42,500,000	2,000,000
SIB Project of 2019C, Series 2023	16,970,000	5.00%	7/1/24-29	16,970,000	
Total				<u>\$ 151,380,000</u>	<u>\$ 19,700,000</u>

The amounts reported as due within one year represent the amounts payable on July 1, 2023 and as previously discussed, the District has elected the early recognition option for these payments. As a result, the amounts were recorded as expenditures during the current fiscal year.

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 19,700,000	\$ 5,875,406
2025	22,780,000	5,273,412
2026	21,930,000	4,315,762
2027	22,995,000	3,344,487
2028	21,005,000	2,318,087
2029-32	42,970,000	3,050,444
Total	<u>\$ 151,380,000</u>	<u>\$ 24,177,598</u>

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

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	\$ 156,110,000	\$ 16,970,000	\$ 21,700,000	\$ 151,380,000	\$ 19,700,000
Premium	18,843,197	1,180,249	2,968,744	17,054,702	
Total bonds payable	<u>174,953,197</u>	<u>18,150,249</u>	<u>24,668,744</u>	<u>168,434,702</u>	<u>19,700,000</u>
Financed purchases payable	273,852		273,852		
Net pension liability	225,355,211	51,017,530		276,372,741	
Compensated absences payable	13,295,066	3,894,479	3,085,545	14,104,000	974,994
Total long-term liabilities	<u>\$ 413,877,326</u>	<u>\$ 73,062,258</u>	<u>\$ 28,028,141</u>	<u>\$ 458,911,443</u>	<u>\$ 20,674,994</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 Federal and State Grants Fund and several non-major governmental funds had negative cash balances in the Treasurer’s pooled cash accounts of \$4,744,351 and \$60,004, respectively, totaling \$4,804,355. 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
Bond Building	\$	\$ 896,529	\$ 896,529
Federal and State Grants	747,699		747,699
Non-Major Governmental Funds	<u>1,000,000</u>		<u>1,000,000</u>
Total	<u>\$ 1,747,699</u>	<u>\$ 896,529</u>	<u>\$ 2,644,228</u>

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

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.

Note 14 – Risk Management

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

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

The District established an employee benefit management program for workers' health issues. Premiums are paid into the internal service fund by all other funds and are available to pay claims, premiums, claim reserves, and administrative costs of the program. Under this program, the Employee Benefit Trust Fund provides coverage for up to a maximum of \$350,000 for each claim. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 14 – Risk Management (Cont'd)

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

Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended June 30, 2023	Year ended June 30, 2022
Unpaid claims, beginning of fiscal year	\$ 4,170,000	\$ 3,424,500
Incurred claims (including IBNRs)	19,777,527	21,369,965
Claim payments	<u>(21,401,527)</u>	<u>(20,624,465)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,546,000</u>	<u>\$ 4,170,000</u>

Note 15 – Pensions

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

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions (Cont’d)

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

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

*With actuarially reduced benefits

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2023 were \$26,791,138.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions (Cont'd)

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

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

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

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

Net Liability	District % Proportion	Increase (Decrease)
\$ 276,372,741	1.693	(0.022)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District's pension expense for the year ended June 30, 2023 was \$32,967,737.

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions (Cont'd)

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	\$ 2,354,860	\$
Changes of assumptions or other inputs	13,716,914	
Net difference between projected and actual earnings on pension investments		7,279,925
Changes in proportion and differences between contributions and proportionate share of contributions	2,225,566	2,225,378
Contributions subsequent to the measurement date	26,791,138	
Total	<u>\$ 45,088,478</u>	<u>\$ 9,505,303</u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2024	\$ 14,145,379
2025	(4,365,545)
2026	(12,639,661)
2027	11,651,864

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

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions (Cont'd)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

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

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

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

Gilbert Unified School District No. 41
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions (Cont’d)

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	\$ 407,779,765	\$ 276,372,741	\$ 166,799,815

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.



(This page intentionally left blank)

Required Supplementary Information

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2023

	Budget		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget
Revenues				
Other local	\$	\$	\$ 1,284,363	\$ 1,284,363
Property taxes			97,440,450	97,440,450
State aid and grants			148,194,798	148,194,798
Total revenues			246,919,611	246,919,611
Expenditures				
Current:				
Instruction	171,915,639	175,484,314	163,054,767	12,429,547
Support services - students and staff	37,052,653	41,924,702	41,028,482	896,220
Support services - administration	32,253,801	30,012,300	29,454,560	557,740
Operation and maintenance of plant services	37,340,706	37,958,846	34,016,405	3,942,441
Student transportation services	17,144,746	16,053,696	15,754,645	299,051
Operation of non-instructional services	796,061	515,879	598,362	(82,483)
Total expenditures	296,503,606	301,949,737	283,907,221	18,042,516
Excess (deficiency) of revenues over expenditures	(296,503,606)	(301,949,737)	(36,987,610)	264,962,127
Changes in fund balances	(296,503,606)	(301,949,737)	(36,987,610)	264,962,127
Fund balances, beginning of year			58,354,931	58,354,931
Fund balances, end of year	\$ (296,503,606)	\$ (301,949,737)	\$ 21,367,321	\$ 323,317,058

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2023

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
State aid and grants	\$	\$	\$ 3,450,031	\$ 3,450,031
Federal aid, grants and reimbursements			27,843,276	27,843,276
Total revenues			31,293,307	31,293,307
Expenditures				
Current:				
Instruction	27,787,148	22,973,313	16,521,428	6,451,885
Support services - students and staff	6,836,753	5,652,357	4,064,934	1,587,423
Support services - administration	1,136,795	939,857	675,905	263,952
Operation and maintenance of plant services	1,285,795	1,063,044	764,496	298,548
Student transportation services	611,007	505,156	363,287	141,869
Operation of non-instructional services	130,244	107,680	77,439	30,241
Capital outlay	4,381,005	3,622,042	2,604,818	1,017,224
Total expenditures	42,168,746	34,863,449	25,072,307	9,791,142
Excess (deficiency) of revenues over expenditures	(42,168,746)	(34,863,449)	6,221,000	41,084,449
Other financing sources (uses)				
Transfers out			(747,699)	(747,699)
Total other financing sources (uses)			(747,699)	(747,699)
Changes in fund balances	(42,168,746)	(34,863,449)	5,473,301	40,336,750
Fund balances, beginning of year			(11,159,470)	(11,159,470)
Fund balances, end of year	\$ (42,168,746)	\$ (34,863,449)	\$ (5,686,169)	\$ 29,177,280

Gilbert Unified School District No. 41
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
District's proportion of the net pension (assets) liability	1.69%	1.72%	1.67%	1.66%
District's proportionate share of the net pension (assets) liability	\$ 276,372,741	\$ 225,355,211	\$ 289,115,511	\$ 241,249,560
District's covered payroll	\$ 201,426,953	\$ 192,735,373	\$ 182,030,707	\$ 174,839,222
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	137.21%	116.92%	158.83%	137.98%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 26,791,138	\$ 24,191,377	\$ 22,453,671	\$ 20,842,516
Contributions in relation to the actuarially determined contribution	<u>26,791,138</u>	<u>24,191,377</u>	<u>22,453,671</u>	<u>20,842,516</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 224,757,869	\$ 201,426,953	\$ 192,735,373	\$ 182,030,707
Contributions as a percentage of covered payroll	11.92%	12.01%	11.65%	11.45%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
1.66%	1.70%	1.62%	1.72%	1.72%
\$ 231,985,761	\$ 264,893,848	\$ 261,907,169	\$ 267,181,478	\$ 265,286,960
\$ 165,443,248	\$ 166,403,998	\$ 151,958,046	\$ 156,701,414	\$ 159,795,860
140.22%	159.19%	172.35%	170.50%	166.02%
73.40%	69.92%	67.06%	68.35%	69.49%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 19,547,025	\$ 18,033,314	\$ 17,938,351	\$ 16,487,448	\$ 17,064,784
19,547,025	18,033,314	17,938,351	16,487,448	17,064,784
\$	\$	\$	\$	\$
\$ 174,839,222	\$ 165,443,248	\$ 166,403,998	\$ 151,958,046	\$ 156,701,414
11.18%	10.90%	10.78%	10.85%	10.89%

Gilbert Unified School District No. 41
Notes to Required Supplementary Information
June 30, 2023

Note 1 – Budgetary Basis of Accounting

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

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.
- Payments to the ASRS Contribution Prepayment Program.
- Employee insurance expenditures are budgeted in the year the employee insurance amount is funded.

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in		
Fund Balances - Governmental Funds	\$ 287,571,855	\$ 135,676,160
Activity budgeted as special revenue funds	(5,457,891)	(35,706,055)
Activity budgeted as capital projects funds	(18,950,967)	(49,988,108)
Pre-payment to ASRS (CPP)	20,000,000	(20,507,607)
Current-year prepaid items	3,427,543	(3,427,543)
Prior-year prepaid items	(3,473,168)	
Employee insurance account	789,849	(4,679,526)
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 283,907,221</u>	<u>\$ 21,367,321</u>

Note 2 – Pension Plan Schedules

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

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



(This page intentionally left blank)

Governmental Funds



(This page intentionally left blank)

Non-Major Governmental Funds

Special Revenue Funds

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

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

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, and student activities.

Capital Projects Funds

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

Gilbert Unified School District No. 41
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue
Assets				
Cash and investments	\$ 20,115,387	\$	\$ 8,863,268	\$ 20,779,493
Deposits			201,612	
Due from governmental entities		1,680,876	126,042	1,091,674
Inventory			334,250	
Leases receivable				3,321,957
Total assets	<u>\$ 20,115,387</u>	<u>\$ 1,680,876</u>	<u>\$ 9,525,172</u>	<u>\$ 25,193,124</u>
Liabilities				
Accounts payable	\$ 10,332	\$ 13,466	\$ 725,526	\$ 1,643,753
Due to other funds		58,867		
Accrued payroll and employee benefits	832,556	40,783	134,514	1,259,213
Unearned revenues			171,472	
Total liabilities	<u>842,888</u>	<u>113,116</u>	<u>1,031,512</u>	<u>2,902,966</u>
Deferred inflows of resources				
Leases				3,263,583
Total deferred inflows of resources				<u>3,263,583</u>
Fund balances				
Nonspendable			334,250	
Restricted	19,272,499	1,567,760	8,159,410	19,026,575
Unassigned				
Total fund balances	<u>19,272,499</u>	<u>1,567,760</u>	<u>8,493,660</u>	<u>19,026,575</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,115,387</u>	<u>\$ 1,680,876</u>	<u>\$ 9,525,172</u>	<u>\$ 25,193,124</u>

Capital Projects

<u>Funds</u>		Total Non-Major
Other Capital		Governmental
Projects		Funds
\$		\$ 49,758,148
		201,612
		2,898,592
		334,250
		3,321,957
<u>\$</u>		<u>\$ 56,514,559</u>
\$		\$ 2,393,077
1,137		60,004
		2,267,066
		171,472
<u>1,137</u>		<u>4,891,619</u>
		3,263,583
		3,263,583
		334,250
		48,026,244
<u>(1,137)</u>		<u>(1,137)</u>
<u>(1,137)</u>		<u>48,359,357</u>
<u>\$</u>		<u>\$ 56,514,559</u>

Gilbert Unified School District No. 41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue
Revenues				
Other local	\$ 355,307	\$ 53,705	\$ 6,376,837	\$ 26,040,039
State aid and grants	27,658,145	2,291,376		60,644
Federal aid, grants and reimbursements			7,761,320	
Total revenues	<u>28,013,452</u>	<u>2,345,081</u>	<u>14,138,157</u>	<u>26,100,683</u>
Expenditures				
Current:				
Instruction	21,582,781	1,015,499		5,793,991
Support services - students and staff	1,987,928	1,243,996		1,735,921
Support services - administration		102,956	90,297	555,486
Operation and maintenance of plant services			110,470	272,123
Student transportation services				478,109
Operation of non-instructional services			13,371,365	11,596,378
Capital outlay			1,406,827	4,113,867
Total expenditures	<u>23,570,709</u>	<u>2,362,451</u>	<u>14,978,959</u>	<u>24,545,875</u>
Excess (deficiency) of revenues over expenditures	<u>4,442,743</u>	<u>(17,370)</u>	<u>(840,802)</u>	<u>1,554,808</u>
Other financing sources (uses)				
Transfers out			(1,000,000)	
Total other financing sources (uses)			<u>(1,000,000)</u>	
Changes in fund balances	<u>4,442,743</u>	<u>(17,370)</u>	<u>(1,840,802)</u>	<u>1,554,808</u>
Fund balances, beginning of year	<u>14,829,756</u>	<u>1,585,130</u>	<u>10,334,462</u>	<u>17,471,767</u>
Fund balances, end of year	<u>\$ 19,272,499</u>	<u>\$ 1,567,760</u>	<u>\$ 8,493,660</u>	<u>\$ 19,026,575</u>

Capital Projects

Funds		Total Non-Major	
Other Capital		Governmental	
Projects		Funds	
\$	53	\$	32,825,941
			30,010,165
			7,761,320
	53		70,597,426
			28,392,271
			4,967,845
			748,739
			382,593
			478,109
			24,967,743
	4,197		5,524,891
	4,197		65,462,191
	(4,144)		5,135,235
			(1,000,000)
			(1,000,000)
	(4,144)		4,135,235
	3,007		44,224,122
\$	(1,137)	\$	48,359,357

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 355,307	\$ 355,307
State aid and grants			27,658,145	27,658,145
Total revenues			<u>28,013,452</u>	<u>28,013,452</u>
Expenditures				
Current:				
Instruction	40,858,997	41,557,763	21,582,781	19,974,982
Support services - students and staff	903,363	903,363	1,987,928	(1,084,565)
Operation of non-instructional services	4,790	4,790		4,790
Total expenditures	<u>41,767,150</u>	<u>42,465,916</u>	<u>23,570,709</u>	<u>18,895,207</u>
Changes in fund balances	<u>(41,767,150)</u>	<u>(42,465,916)</u>	<u>4,442,743</u>	<u>46,908,659</u>
Fund balances, beginning of year			<u>14,829,756</u>	<u>14,829,756</u>
Fund balances, end of year	<u>\$ (41,767,150)</u>	<u>\$ (42,465,916)</u>	<u>\$ 19,272,499</u>	<u>\$ 61,738,415</u>

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 53,705	\$ 53,705
State aid and grants			2,291,376	2,291,376
Total revenues			<u>2,345,081</u>	<u>2,345,081</u>
Expenditures				
Current:				
Instruction	1,316,371	966,361	1,015,499	(49,138)
Support services - students and staff	1,612,567	1,183,802	1,243,996	(60,194)
Support services - administration	133,460	97,974	102,956	(4,982)
Total expenditures	<u>3,062,398</u>	<u>2,248,137</u>	<u>2,362,451</u>	<u>(114,314)</u>
Changes in fund balances	<u>(3,062,398)</u>	<u>(2,248,137)</u>	<u>(17,370)</u>	<u>2,230,767</u>
Fund balances, beginning of year			<u>1,585,130</u>	<u>1,585,130</u>
Fund balances, end of year	<u>\$ (3,062,398)</u>	<u>\$ (2,248,137)</u>	<u>\$ 1,567,760</u>	<u>\$ 3,815,897</u>

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 6,376,837	\$ 6,376,837
Federal aid, grants and reimbursements			7,761,320	7,761,320
Total revenues			<u>14,138,157</u>	<u>14,138,157</u>
Expenditures				
Current:				
Support services - administration	103,010	133,203	90,297	42,906
Operation and maintenance of plant services	126,023	162,961	110,470	52,491
Operation of non-instructional services	15,253,926	19,724,904	13,371,365	6,353,539
Capital outlay	1,604,895	2,075,295	1,406,827	668,468
Total expenditures	<u>17,087,854</u>	<u>22,096,362</u>	<u>14,978,959</u>	<u>7,117,403</u>
Excess (deficiency) of revenues over expenditures	<u>(17,087,854)</u>	<u>(22,096,362)</u>	<u>(840,802)</u>	<u>21,255,560</u>
Other financing sources (uses)				
Transfers out			(1,000,000)	(1,000,000)
Total other financing sources (uses)			<u>(1,000,000)</u>	<u>(1,000,000)</u>
Changes in fund balances	<u>(17,087,854)</u>	<u>(22,096,362)</u>	<u>(1,840,802)</u>	<u>20,255,560</u>
Fund balances, beginning of year			<u>10,334,462</u>	<u>10,334,462</u>
Fund balances, end of year	<u>\$ (17,087,854)</u>	<u>\$ (22,096,362)</u>	<u>\$ 8,493,660</u>	<u>\$ 30,590,022</u>

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 26,040,039	\$ 26,040,039
State aid and grants			60,644	60,644
Total revenues			<u>26,100,683</u>	<u>26,100,683</u>
Expenditures				
Current:				
Instruction	7,007,117	10,243,373	5,793,991	4,449,382
Support services - students and staff	2,099,382	3,068,988	1,735,921	1,333,067
Support services - administration	671,792	982,061	555,486	426,575
Operation and maintenance of plant services	329,099	481,095	272,123	208,972
Student transportation services	578,214	845,263	478,109	367,154
Operation of non-instructional services	14,024,389	20,501,590	11,596,378	8,905,212
Capital outlay	4,975,215	7,273,031	4,113,867	3,159,164
Total expenditures	<u>29,685,208</u>	<u>43,395,400</u>	<u>24,545,875</u>	<u>18,849,525</u>
Changes in fund balances	<u>(29,685,208)</u>	<u>(43,395,400)</u>	<u>1,554,808</u>	<u>44,950,208</u>
Fund balances, beginning of year			<u>17,471,767</u>	<u>17,471,767</u>
Fund balances, end of year	<u>\$ (29,685,208)</u>	<u>\$ (43,395,400)</u>	<u>\$ 19,026,575</u>	<u>\$ 62,421,975</u>

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 28,520	\$ 28,520
Property taxes			25,454,654	25,454,654
Federal aid, grants and reimbursements			6,544	6,544
Total revenues			<u>25,489,718</u>	<u>25,489,718</u>
Expenditures				
Debt service:				
Principal retirement	19,700,000	19,700,000	19,700,000	
Interest and fiscal charges	<u>7,531,238</u>	<u>6,560,222</u>	<u>5,824,369</u>	<u>735,853</u>
Total expenditures	<u>27,231,238</u>	<u>26,260,222</u>	<u>25,524,369</u>	<u>735,853</u>
Excess (deficiency) of revenues over expenditures	<u>(27,231,238)</u>	<u>(26,260,222)</u>	<u>(34,651)</u>	<u>26,225,571</u>
Other financing sources (uses)				
Transfers in			896,529	896,529
Total other financing sources (uses)			<u>896,529</u>	<u>896,529</u>
Changes in fund balances	<u>(27,231,238)</u>	<u>(26,260,222)</u>	<u>861,878</u>	<u>27,122,100</u>
Fund balances, beginning of year			<u>1,017,597</u>	<u>1,017,597</u>
Fund balances, end of year	<u>\$ (27,231,238)</u>	<u>\$ (26,260,222)</u>	<u>\$ 1,879,475</u>	<u>\$ 28,139,697</u>

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2023

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 896,529	\$ 896,529
Total revenues			896,529	896,529
Expenditures				
Capital outlay	51,394,913	54,881,895	45,117,293	9,764,602
Debt service:				
Bond issuance costs	252,849	252,849	252,849	
Total expenditures	51,647,762	55,134,744	45,370,142	9,764,602
Excess (deficiency) of revenues over expenditures	(51,647,762)	(55,134,744)	(44,473,613)	10,661,131
Other financing sources (uses)				
Transfers out			(896,529)	(896,529)
Issuance of school improvement bonds			16,970,000	16,970,000
Premium on sale of bonds			1,180,249	1,180,249
Total other financing sources (uses)			17,253,720	17,253,720
Changes in fund balances	(51,647,762)	(55,134,744)	(27,219,893)	27,914,851
Fund balances, beginning of year			55,134,745	55,134,745
Fund balances, end of year	\$ (51,647,762)	\$ (55,134,744)	\$ 27,914,852	\$ 83,049,596

Gilbert Unified School District No. 41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2023

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 53	\$ 53
Total revenues			53	53
Expenditures				
Capital outlay	4,158	4,189	4,197	(8)
Total expenditures	4,158	4,189	4,197	(8)
Changes in fund balances	(4,158)	(4,189)	(4,144)	45
Fund balances, beginning of year			3,007	3,007
Fund balances, end of year	<u>\$ (4,158)</u>	<u>\$ (4,189)</u>	<u>\$ (1,137)</u>	<u>\$ 3,052</u>

Internal Service Funds

Employee Benefit Trust - to account for the activity associated with the District's self-insurance program.

District Services - to account for the financial activity of providing goods and services to departments or schools within the District.

Gilbert Unified School District No. 41
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Employee Benefit Trust	District Services	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 28,668,260	\$ 860,409	\$ 29,528,669
Total current assets	<u>28,668,260</u>	<u>860,409</u>	<u>29,528,669</u>
Liabilities			
Current liabilities:			
Accounts payable	775,648		775,648
Claims payable	<u>2,546,000</u>		<u>2,546,000</u>
Total current liabilities	<u>3,321,648</u>		<u>3,321,648</u>
Net position			
Unrestricted	<u>25,346,612</u>	<u>860,409</u>	<u>26,207,021</u>
Total net position	<u><u>\$ 25,346,612</u></u>	<u><u>\$ 860,409</u></u>	<u><u>\$ 26,207,021</u></u>

Gilbert Unified School District No. 41
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Employee Benefit Trust	District Services	Total Internal Service Funds
Operating revenues			
Other local	\$ 685,043	\$	\$ 685,043
Charges for services		730,855	730,855
Contributions	27,482,297		27,482,297
Total operating revenues	<u>28,167,340</u>	<u>730,855</u>	<u>28,898,195</u>
Operating expenses			
Claims	19,777,527		19,777,527
Premiums	1,235,406		1,235,406
Administrative fees	1,858,712		1,858,712
Other		600,514	600,514
Total operating expenses	<u>22,871,645</u>	<u>600,514</u>	<u>23,472,159</u>
Operating income (loss)	<u>5,295,695</u>	<u>130,341</u>	<u>5,426,036</u>
Nonoperating revenues (expenses)			
Investment income	522,324	17,101	539,425
Total nonoperating revenue (expenses)	<u>522,324</u>	<u>17,101</u>	<u>539,425</u>
Changes in net position	5,818,019	147,442	5,965,461
Total net position, beginning of year	<u>19,528,593</u>	<u>712,967</u>	<u>20,241,560</u>
Total net position, end of year	<u><u>\$ 25,346,612</u></u>	<u><u>\$ 860,409</u></u>	<u><u>\$ 26,207,021</u></u>

Gilbert Unified School District No. 41
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2023

	Employee Benefit Trust	District Services	Total Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>			
Cash flows from operating activities			
Cash received from contributions	\$ 28,132,528	\$	\$ 28,132,528
Cash received from other sources	685,043	730,855	1,415,898
Cash payments to suppliers for goods and services	(2,946,306)	(600,514)	(3,546,820)
Cash payments for claims	(21,401,527)		(21,401,527)
Net cash provided by/used for operating activities	<u>4,469,738</u>	<u>130,341</u>	<u>4,600,079</u>
Cash flows from investing activities			
Investment income	522,324	17,101	539,425
Purchases and sales of investments	(3,850,987)		(3,850,987)
Net cash provided by/used for investing activities	<u>(3,328,663)</u>	<u>17,101</u>	<u>(3,311,562)</u>
Net increase/decrease in cash and cash equivalents	1,141,075	147,442	1,288,517
Cash and cash equivalents, beginning of year	<u>23,676,198</u>	<u>712,967</u>	<u>24,389,165</u>
Cash and cash equivalents, end of year	<u>\$ 24,817,273</u>	<u>\$ 860,409</u>	<u>\$ 25,677,682</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>			
Cash and investments	\$ 28,668,260	\$ 860,409	\$ 29,528,669
Less investments not maturing in less than three months	3,850,987		3,850,987
Total cash and cash equivalents	<u>\$ 24,817,273</u>	<u>\$ 860,409</u>	<u>\$ 25,677,682</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>			
Operating income/loss	\$ 5,295,695	\$ 130,341	\$ 5,426,036
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:			
Changes in assets and liabilities:			
Increase/decrease in accounts receivable	650,231		650,231
Increase/decrease in accounts payable	147,812		147,812
Increase/decrease in claims payable	(1,624,000)		(1,624,000)
Total adjustments	<u>(825,957)</u>		<u>(825,957)</u>
Net cash provided by/used for operating activities	<u>\$ 4,469,738</u>	<u>\$ 130,341</u>	<u>\$ 4,600,079</u>

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Note: For locally assessed property (i.e., excluding mines, utilities, etc.), Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value (AV) 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 net full cash assessed value utilized for determining debt capacity limits.

Gilbert Unified School District No. 41
Net Position By Component
Last Ten Fiscal Years
(Accrual basis of accounting)

		Fiscal Year Ended June 30			
		<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Position:					
Net investment in capital assets	\$	397,210,926	\$ 378,649,477	\$ 373,364,234	\$ 373,732,581
Restricted		52,686,013	75,322,076	40,946,003	34,192,545
Unrestricted		<u>(72,756,177)</u>	<u>(109,609,137)</u>	<u>(124,590,425)</u>	<u>(149,878,859)</u>
Total net position	\$	<u><u>377,140,762</u></u>	<u><u>344,362,416</u></u>	<u><u>289,719,812</u></u>	<u><u>258,046,267</u></u>

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

Note: Fiscal year 2014-15 represents the first year in which GASB 68 was implemented accounting for the District's proportionate share of the Arizona State Retirement System's pension liability.

Fiscal Year Ended June 30					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 368,106,305	\$ 369,169,992	\$ 369,379,805	\$ 368,163,931	\$ 365,475,563	\$ 357,548,849
29,378,146	24,024,069	26,195,002	23,711,947	19,583,341	18,948,021
(160,480,781)	(188,487,609)	(202,231,939)	(226,155,937)	(250,934,049)	29,327,810
<u>\$ 237,003,670</u>	<u>\$ 204,706,452</u>	<u>\$ 193,342,868</u>	<u>\$ 165,719,941</u>	<u>\$ 134,124,855</u>	<u>\$ 405,824,680</u>

Gilbert Unified School District No. 41
Expenses, Program Revenues, and Net (Expense)/Revenue
and General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenses				
Instruction	\$ 222,645,033	\$ 198,299,042	\$ 197,355,466	\$ 183,861,160
Support services - students and staff	49,128,719	42,095,483	39,203,942	34,929,905
Support services - administration	31,905,385	28,626,134	27,652,584	25,427,659
Operation and maintenance of plant services	34,901,940	29,128,343	28,203,969	26,601,544
Student transportation services	19,817,082	18,054,689	15,312,352	15,026,792
Operation of non-instructional services	27,008,078	24,760,192	19,498,371	19,719,237
Interest on long-term debt	3,222,533	4,433,284	4,273,100	4,486,819
Total expenses	<u>388,628,770</u>	<u>345,397,167</u>	<u>331,499,784</u>	<u>310,053,116</u>
Program Revenues				
Charges for services:				
Instruction	11,377,692	10,151,655	6,510,181	8,477,389
Operation of non-instructional services	22,871,787	11,097,896	7,754,332	12,240,068
Other activities	1,278,240	1,025,832	231,071	939,042
Operating grants and contributions	35,431,596	51,117,253	54,368,656	21,527,404
Capital grants and contributions	2,604,818	622,385	1,501,749	939,213
Total program revenues	<u>73,564,133</u>	<u>74,015,021</u>	<u>70,365,989</u>	<u>44,123,116</u>
Net (Expense)/Revenue	(315,064,637)	(271,382,146)	(261,133,795)	(265,930,000)
General Revenues:				
Property taxes	131,181,082	128,822,945	125,597,704	105,082,914
Investment income	4,647,404	1,281,870	1,096,272	2,142,036
Unrestricted county aid		13,007,023	12,388,665	12,124,808
Unrestricted state aid	210,470,399	177,046,289	152,201,630	162,992,543
Unrestricted federal aid	1,544,098	2,236,384	1,523,069	3,157,695
Gain on sale of capital assets		3,630,239		
Total general revenues	<u>347,842,983</u>	<u>326,024,750</u>	<u>292,807,340</u>	<u>285,499,996</u>
Changes in Net Position	<u>\$ 32,778,346</u>	<u>\$ 54,642,604</u>	<u>\$ 31,673,545</u>	<u>\$ 19,569,996</u>

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

Note: 1) Due to a change in legislation, beginning with fiscal year 2022-23 unrestricted county aid is now presented with property taxes.

2) Fiscal year 2020-21 was the year in which COVID-19 protocols called for a delay in in-person learning and greatly impacted the receipt of program revenues in the Food Service Fund and Community School Fund.

Fiscal Year Ended June 30					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 166,987,026	\$ 162,590,105	\$ 157,426,855	\$ 154,128,237	\$ 165,774,344	\$ 170,793,090
31,634,799	30,841,479	30,352,121	29,642,416	30,501,121	30,670,862
23,228,383	21,560,630	21,705,726	18,846,108	21,521,671	21,912,044
25,427,027	26,489,799	26,507,174	23,823,376	28,297,980	26,122,097
15,399,427	14,886,579	12,792,658	11,214,240	12,651,695	12,626,950
19,236,180	16,949,156	15,918,136	13,154,128	11,766,216	12,484,454
4,004,766	3,469,834	4,069,169	4,095,271	4,879,946	5,683,366
<u>285,917,608</u>	<u>276,787,582</u>	<u>268,771,839</u>	<u>254,903,776</u>	<u>275,392,973</u>	<u>280,292,863</u>
8,072,895	7,936,031	9,694,680	10,784,142	12,592,790	11,956,031
15,557,972	14,192,708	12,753,327	8,212,428	6,476,883	6,136,567
1,289,155	1,122,862	1,219,367	3,047,863	3,248,426	3,515,111
24,351,578	22,397,093	18,410,264	17,999,558	17,847,528	19,405,873
1,047,789	678,735	1,376,388	1,890,779	1,018,932	810,204
<u>50,319,389</u>	<u>46,327,429</u>	<u>43,454,026</u>	<u>41,934,770</u>	<u>41,184,559</u>	<u>41,823,786</u>
(235,598,219)	(230,460,153)	(225,317,813)	(212,969,006)	(234,208,414)	(238,469,077)
104,540,476	99,737,239	106,226,141	90,261,559	104,253,622	97,629,494
1,405,894	669,955	779,066	401,054	382,894	156,466
11,298,195	11,569,739	11,249,447	11,682,660	12,813,476	11,192,129
148,576,069	134,899,010	132,708,624	140,225,946	136,970,710	133,665,241
2,074,803					
<u>267,895,437</u>	<u>246,875,943</u>	<u>250,963,278</u>	<u>242,571,219</u>	<u>254,420,702</u>	<u>242,643,330</u>
<u>\$ 32,297,218</u>	<u>\$ 16,415,790</u>	<u>\$ 25,645,465</u>	<u>\$ 29,602,213</u>	<u>\$ 20,212,288</u>	<u>\$ 4,174,253</u>

Gilbert Unified School District No. 41
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund:				
Nonspendable	\$ 4,178,195	\$ 4,079,805	\$ 687,786	\$ 732,654
Restricted	21,065,233	28,649,521	481,931	
Assigned	49,988,108	20,150,000		
Unassigned	60,444,624	71,833,923	83,344,661	71,186,999
Total General Fund	<u>\$ 135,676,160</u>	<u>\$ 124,713,249</u>	<u>\$ 84,514,378</u>	<u>\$ 71,919,653</u>
All Other Governmental Funds:				
Nonspendable	\$ 334,250	\$ 626,707	\$ 524,903	\$ 396,595
Restricted	77,820,571	101,113,224	74,295,594	53,349,955
Unassigned	(5,687,306)	(12,522,937)	(13,479,680)	(12,889,717)
Total all other governmental funds	<u>\$ 72,467,515</u>	<u>\$ 89,216,994</u>	<u>\$ 61,340,817</u>	<u>\$ 40,856,833</u>

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

Note: In fiscal year 2021-22, the Governing Board of the District delegated that authority to assign fund balances.

Fiscal Year Ended June 30					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 651,345	\$ 617,103	\$ 563,436	\$ 514,992	\$ 329,472	\$ 395,863
			329,742	314,387	354,932
49,868,336	44,967,229	37,419,754	29,915,504	16,717,712	(1,179,839)
<u>\$ 50,519,681</u>	<u>\$ 45,584,332</u>	<u>\$ 37,983,190</u>	<u>\$ 30,760,238</u>	<u>\$ 17,361,571</u>	<u>\$ (429,044)</u>
\$ 279,926	\$ 342,621	\$ 245,095	\$ 291,799	\$ 173,516	\$ 236,793
62,909,517	49,483,865	33,725,085	47,295,881	18,806,072	17,876,572
(2,277,055)	(1,634,974)	(48,057)	(48,172)	(770,364)	(1,512,613)
<u>\$ 60,912,388</u>	<u>\$ 48,191,512</u>	<u>\$ 33,922,123</u>	<u>\$ 47,539,508</u>	<u>\$ 18,209,224</u>	<u>\$ 16,600,752</u>

Gilbert Unified School District No. 41
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Federal sources:				
Federal grants	\$ 29,928,638	\$ 27,747,322	\$ 27,761,177	\$ 15,491,196
National School Lunch Program	7,761,320	21,433,831	14,026,784	5,419,789
Total federal sources	<u>37,689,958</u>	<u>49,181,153</u>	<u>41,787,961</u>	<u>20,910,985</u>
State sources:				
State equalization assistance	178,322,981	147,983,924	133,514,064	143,504,926
State grants	3,450,031	2,679,085	2,216,371	2,469,663
School Facilities Oversight Board		7,696		455,243
Other revenues	32,208,062	29,062,365	18,696,191	19,032,374
Total state sources	<u>213,981,074</u>	<u>179,733,070</u>	<u>154,426,626</u>	<u>165,462,206</u>
Local sources:				
Property taxes	130,912,530	129,992,750	125,879,690	109,317,269
County aid		13,007,023	12,388,665	12,124,808
Food service sales	6,204,119	472,823	359,724	4,792,015
Investment income	1,005,281	1,294,045	1,047,509	2,123,625
Other revenues	35,214,544	24,436,981	15,851,904	20,154,408
Total local sources	<u>173,336,474</u>	<u>169,203,622</u>	<u>155,527,492</u>	<u>148,512,125</u>
Total revenues	<u><u>\$ 425,007,506</u></u>	<u><u>\$ 398,117,845</u></u>	<u><u>\$ 351,742,079</u></u>	<u><u>\$ 334,885,316</u></u>

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

Note: Due to a change in legislation, beginning with fiscal year 2022-23, county aid is now presented with property taxes.

Fiscal Year Ended June 30

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 15,200,841	\$ 11,418,261	\$ 11,057,491	\$ 11,254,086	\$ 11,075,663	\$ 10,504,440
6,127,333	6,048,844	6,265,992	5,916,547	5,966,734	6,431,534
<u>21,328,174</u>	<u>17,467,105</u>	<u>17,323,483</u>	<u>17,170,633</u>	<u>17,042,397</u>	<u>16,935,974</u>
128,265,649	115,807,324	117,226,363	124,414,856	122,372,404	118,342,602
2,094,551	1,969,707	492,736	489,604	353,619	678,877
	3,992	211,073		30,320	186,250
20,311,406	19,091,686	15,499,224	15,811,090	14,567,986	15,322,680
<u>150,671,606</u>	<u>136,872,709</u>	<u>133,429,396</u>	<u>140,715,550</u>	<u>137,324,329</u>	<u>134,530,409</u>
106,088,152	99,595,684	106,292,637	94,691,372	104,521,476	98,357,632
11,298,195	11,569,739	11,249,447	11,682,660	12,813,476	11,192,129
6,003,586	5,912,582	6,012,612	5,735,863	6,476,883	6,136,567
1,238,975	669,955	773,605	366,409	373,867	139,748
22,670,851	20,872,222	21,312,654	20,295,561	18,622,802	18,110,810
<u>147,299,759</u>	<u>138,620,182</u>	<u>145,640,955</u>	<u>132,771,865</u>	<u>142,808,504</u>	<u>133,936,886</u>
<u>\$ 319,299,539</u>	<u>\$ 292,959,996</u>	<u>\$ 296,393,834</u>	<u>\$ 290,658,048</u>	<u>\$ 297,175,230</u>	<u>\$ 285,403,269</u>

Gilbert Unified School District No. 41
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenditures:				
Current -				
Instruction	\$ 197,897,685	\$ 179,540,384	\$ 175,701,730	\$ 168,487,533
Support services - students and staff	48,101,178	41,669,939	38,330,083	34,775,419
Support services - administration	28,350,158	25,297,662	23,841,097	23,055,999
Operation and maintenance of plant services	33,597,818	27,960,528	27,319,636	26,310,390
Student transportation services	15,941,342	14,242,669	10,895,348	12,216,822
Operation of non-instructional services	26,163,886	24,227,744	18,657,280	19,208,686
Capital outlay	72,892,705	46,004,841	37,112,981	25,983,386
Debt service -				
Principal retirement	19,973,852	22,405,136	21,442,635	20,182,501
Interest and fiscal charges	5,829,391	5,407,143	5,321,445	4,990,743
Bond issuance costs	252,849	431,350	351,951	
Total expenditures	<u><u>\$ 449,000,864</u></u>	<u><u>\$ 387,187,396</u></u>	<u><u>\$ 358,974,186</u></u>	<u><u>\$ 335,211,479</u></u>
Expenditures for capitalized assets	\$ 60,139,038	\$ 33,011,332	\$ 20,507,289	\$ 17,067,611
Debt service as a percentage of noncapital expenditures	7%	8%	8%	8%

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

Fiscal Year Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	164,284,356	\$ 154,589,610	\$ 150,480,746	\$ 145,431,243	\$ 147,167,181	\$ 153,174,805
	34,065,059	31,897,535	31,192,023	30,306,760	28,829,808	29,327,998
	22,445,848	20,257,822	21,655,148	19,316,560	19,646,352	20,398,378
	25,820,059	26,001,535	26,770,574	24,250,084	27,067,416	25,165,141
	12,483,445	11,907,039	11,082,580	10,017,582	10,464,771	10,746,158
	19,497,035	17,197,355	16,269,340	13,319,347	11,412,431	12,276,208
	27,207,515	20,394,334	23,004,112	13,337,653	12,882,642	12,719,096
	18,872,287	18,138,271	17,930,901	17,122,091	16,424,343	19,469,008
	4,508,690	3,799,253	4,404,583	4,252,028	5,051,531	5,854,952
	317,104	318,462		715,975		
\$	<u>329,501,398</u>	<u>\$ 304,501,216</u>	<u>\$ 302,790,007</u>	<u>\$ 278,069,323</u>	<u>\$ 278,946,475</u>	<u>\$ 289,131,744</u>
\$	15,537,991	\$ 11,479,723	\$ 14,006,383	\$ 5,057,447	\$ 2,365,352	\$ 3,875,332
	7%	7%	8%	8%	8%	9%

Gilbert Unified School District No. 41
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Excess (deficiency) of revenues over expenditures	\$ (23,993,358)	\$ 10,930,449	\$ (7,232,107)	\$ (326,163)
Other financing sources (uses):				
Issuance of school improvement bonds	16,970,000	43,750,000	34,345,000	
Issuance of refunding bonds				
Premium on sale of bonds	1,180,249	6,526,033	5,882,376	
Payment to refunded bond escrow agent				
Capital lease agreements				
Proceeds from sale of capital assets		6,847,911		
Insurance recoveries	56,541			
Transfers in	2,644,228	2,375,396	2,796,574	2,829,159
Transfers out	(2,644,228)	(2,375,396)	(2,796,574)	(2,829,159)
Total other financing sources (uses)	<u>18,206,790</u>	<u>57,123,944</u>	<u>40,227,376</u>	
Changes in fund balances	<u>\$ (5,786,568)</u>	<u>\$ 68,054,393</u>	<u>\$ 32,995,269</u>	<u>\$ (326,163)</u>

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

Fiscal Year Ended June 30					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ (10,201,859)	\$ (11,541,220)	\$ (6,396,173)	\$ 12,588,725	\$ 18,228,755	\$ (3,728,475)
24,620,000	27,810,000		31,300,000		
			38,445,000		
3,266,537	3,510,900		4,992,571		
			(41,665,173)		
	1,808,471			1,300,000	
	96,839				
2,751,474	2,931,147	2,249,003	2,762,026	2,744,396	1,739,975
(2,751,474)	(2,931,147)	(2,249,003)	(2,762,026)	(2,744,396)	(1,739,975)
27,886,537	33,226,210		33,072,398	1,300,000	
<u>\$ 17,684,678</u>	<u>\$ 21,684,990</u>	<u>\$ (6,396,173)</u>	<u>\$ 45,661,123</u>	<u>\$ 19,528,755</u>	<u>\$ (3,728,475)</u>

Gilbert Unified School District No. 41
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	\$ 735,066,405	\$ 710,221,306	\$ 665,709,711	\$ 617,790,207
Agricultural and Vacant	47,082,003	44,047,881	44,243,927	53,855,388
Residential (Owner Occupied)	1,222,604,665	1,161,988,910	1,086,770,902	1,019,641,267
Residential (Rental)	463,449,871	422,124,534	387,448,527	363,034,707
Railroad, Private Cars and Airlines	2,050,000	1,507,914	1,417,929	1,487,232
Historical Property	22,225,178	16,870,815	15,815,568	10,660,319
Certain Government Property Improvements			76,560	
Total	<u>\$ 2,492,478,122</u>	<u>\$ 2,356,761,360</u>	<u>\$ 2,201,483,124</u>	<u>\$ 2,066,469,120</u>
Gross Full Cash Value	\$ 33,297,083,383	\$ 30,977,464,766	\$ 28,318,283,875	\$ 25,778,609,047
Ratio of Net Limited Assessed Value to Gross Full Cash Value	7%	8%	8%	8%
Total Direct Rate	5.81	6.03	6.26	5.90

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

Fiscal Year

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
\$	556,217,421	\$	517,967,507	\$	495,834,048	\$	477,645,179	\$	480,117,728	\$	488,800,742
	45,422,784		49,498,228		66,671,921		49,588,003		51,104,462		56,010,619
	964,790,257		898,487,550		838,779,263		793,865,285		761,208,161		712,023,828
	327,663,163		303,980,168		284,151,038		260,141,723		226,953,854		185,835,959
	1,489,086		1,580,055		1,514,150		1,647,076		1,659,971		1,648,583
	5,396,650		4,730,381		5,086,859		229,375		100,585		49,273
			50,654		48,241		17,632		88,442		4,525
\$	<u>1,900,979,361</u>	\$	<u>1,776,294,543</u>	\$	<u>1,692,085,520</u>	\$	<u>1,583,134,273</u>	\$	<u>1,521,233,203</u>	\$	<u>1,444,373,529</u>
\$	23,207,866,030	\$	21,553,018,820	\$	20,352,429,884	\$	18,709,821,377	\$	15,418,155,826	\$	13,851,696,587
	8%		8%		8%		8%		10%		10%
	6.11		6.20		6.94		6.46		7.23		7.14

Gilbert Unified School District No. 41
Net Full Cash Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	\$ 986,758,373	\$ 972,465,268	\$ 895,014,582	\$ 802,752,785
Agricultural and Vacant	81,723,974	77,721,598	76,132,171	83,488,693
Residential (Owner Occupied)	1,654,800,696	1,557,387,317	1,420,832,553	1,296,342,099
Residential (Rental)	699,363,646	612,468,260	538,896,372	490,637,895
Railroad, Private Cars and Airlines	2,703,830	1,958,713	1,798,250	1,840,893
Historical Property	26,591,130	21,344,505	20,500,350	15,319,915
Certain Government Property Improvements			92,887	
Total	<u>\$ 3,451,941,649</u>	<u>\$ 3,243,345,661</u>	<u>\$ 2,953,267,165</u>	<u>\$ 2,690,382,280</u>
Gross Full Cash Value	\$ 33,297,083,383	\$ 30,977,464,766	\$ 28,318,283,875	\$ 25,778,609,047
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%
Estimated Net Full Cash Value	\$ 27,239,435,879	\$ 24,790,779,005	\$ 22,410,050,580	\$ 20,153,347,500
Total Direct Rate	5.81	6.03	6.26	5.90

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.

Fiscal Year					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 695,967,407	\$ 640,989,816	\$ 591,416,565	\$ 518,168,909	\$ 485,000,776	\$ 490,757,912
65,189,773	69,578,015	89,066,161	58,305,587	54,931,165	58,686,262
1,208,589,150	1,116,488,221	1,062,190,894	1,017,388,568	809,525,976	712,132,433
431,982,941	392,617,741	362,993,919	329,830,181	244,823,285	189,082,558
1,798,045	1,843,637	1,621,779	1,678,781	1,675,555	1,663,868
8,458,785	7,381,555	6,574,153	770,400	249,209	50,852
	73,580	56,843	19,436	88,442	4,525
<u>\$ 2,411,986,101</u>	<u>\$ 2,228,972,565</u>	<u>\$ 2,113,920,314</u>	<u>\$ 1,926,161,862</u>	<u>\$ 1,596,294,408</u>	<u>\$ 1,452,378,410</u>
\$ 23,207,866,030	\$ 21,553,018,820	\$ 20,352,429,884	\$ 18,709,821,377	\$ 15,418,155,826	\$ 13,851,696,587
10%	10%	10%	10%	10%	10%
\$ 18,689,377,268	\$ 18,538,625,398	\$ 17,546,793,058	\$ 15,854,084,576	\$ 12,747,672,800	\$ 11,254,882,787
6.11	6.20	6.94	6.46	7.23	7.14

Gilbert Unified School District No. 41
Property Tax Assessment Ratios
Last Ten Fiscal Years

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

Fiscal Year					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
18 %	18 %	18 %	19 %	19 %	20 %
15	15	15	16	16	16
10	10	10	10	10	10
10	10	10	10	10	10
14	15	14	15	16	15

Gilbert Unified School District No. 41
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Overlapping Rates				
	State Equalization	County	Community College District	Flood Control District	Central Arizona Project
2023	-	1.25	1.19	0.16	0.14
2022	0.43	1.35	1.11	0.18	0.14
2021	0.44	1.40	1.29	0.18	0.14
2020	0.46	1.40	1.33	0.18	0.14
2019	0.47	1.40	1.38	0.18	0.14
2018	0.49	1.40	1.41	0.18	0.14
2017	0.50	1.40	1.47	0.18	0.14
2016	0.51	1.36	1.49	0.16	0.14
2015	0.51	1.32	1.52	0.14	0.14
2014	0.51	1.28	1.53	0.14	0.14

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

Overlapping Rates						
City of Chandler	City of Mesa	Town of Gilbert	East Valley Institute of Technology School District No. 401	District Direct Rates		
				Primary	Secondary	Total
1.10	0.92	0.99	0.05	3.49	2.32	5.81
1.11	1.13	0.99	0.05	3.71	2.32	6.03
1.12	1.12	0.99	0.05	3.76	2.49	6.26
1.13	1.19	0.99	0.05	3.87	2.04	5.90
1.14	1.02	0.99	0.05	4.01	2.10	6.11
1.14	1.10	1.03	0.05	4.12	2.08	6.20
1.16	1.16	1.06	0.05	4.86	2.08	6.94
1.18	1.21	1.06	0.05	5.26	1.20	6.46
1.18	1.19	1.07	0.05	5.21	2.02	7.23
1.27	0.86	1.15	0.05	4.40	2.74	7.14

Gilbert Unified School District No. 41
Principal Property Taxpayers
Current Fiscal Year and Fiscal Year Nine Years Prior

Taxpayer	2023		2014	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
Apple Inc.	\$ 16,932,885	0.68 %		
Westcor Santan Village LLC	16,085,591	0.65		
Whitestone Village Square at Dana Park LLC	9,446,372	0.38		
Platypus Development LLC	8,898,591	0.36		
Southwest Gas Corporation (T&D)	7,185,039	0.29		
SP TIC 3 LLC	6,717,312	0.27		
AZ Stapley LP	6,380,458	0.26		
Mecp1 Mesa 1 LLC	6,250,701	0.25		
Earnhardt Arizona Properties LLC	5,877,795	0.24		
Mesa Technology Properties LLC	5,537,644	0.22		
Sachs Ranch Co. LLC/Hurley Land Co. LLC			\$ 14,589,095	1.01 %
Qwest Corporation			11,585,456	0.80
Mountain Vista Medical Center LP			11,375,463	0.79
AT&T Property Tax			10,083,136	0.70
Wal-mart Stores Inc.			5,157,660	0.36
East Mesa Land Partnership			4,860,069	0.34
Hughes Helicopters Inc.			4,495,751	0.31
Dtd Devco 8W LLC			4,097,237	0.28
Mesa Financial Plaza LLC			3,538,236	0.24
Macerich Fiesta Mall LLC			3,230,914	0.22
Total	<u>\$ 89,312,388</u>	<u>3.60 %</u>	<u>\$ 73,013,017</u>	<u>5.05 %</u>
Net Assessed Limited Property Value	<u>\$ 2,492,478,122</u>			

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

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

Gilbert Unified School District No. 41
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	District Tax Rate	Adopted Taxes Levied for the Fiscal Year	Adjusted Tax Levy as of June 30th	Collected within the Fiscal Year of the Levy		Adjusted Tax Levy as of June 30, 2023	Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
				Amount	Percentage of Levy			Amount	Percentage of Levy
2023	5.81	\$ 145,737,741	\$ 145,737,741	\$ 135,723,937	93.13 %	\$ 145,737,741	\$	\$ 135,723,937	93.13 %
2022	6.03	142,198,673	142,198,673	135,723,937	95.45	142,198,673	6,438,189	142,162,126	99.97
2021	6.26	138,133,783	138,133,783	132,115,376	95.64	138,133,783	5,981,860	138,097,236	99.97
2020	5.90	121,254,037	121,254,037	114,943,129	94.80	121,036,576	6,049,958	120,993,087	99.78
2019	6.11	116,513,964	116,324,047	110,307,909	94.67	116,287,816	5,962,311	116,270,220	99.79
2018	6.20	110,150,673	109,936,555	103,677,940	94.12	109,881,781	6,199,212	109,877,152	99.75
2017	6.94	115,789,799	115,486,719	109,085,973	94.21	115,241,550	5,990,143	115,076,116	99.38
2016	6.46	102,693,269	101,958,821	100,774,920	98.13	101,958,821	951,636	101,726,556	99.06
2015	7.23	111,358,852	110,336,626	105,057,231	94.34	110,336,626	4,928,792	109,986,023	98.77
2014	7.14	103,355,653	102,952,216	97,517,575	94.35	102,952,216	5,255,497	102,773,072	99.44

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 personal property taxes are collected within 90 days after the due date.

Gilbert Unified School District No. 41
Outstanding Debt by Type
Last Ten Fiscal Years

	General Obligation Bonds						Total Outstanding Debt				
Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value	Per Capita	Financed Purchases and Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
2023	\$ 168,434,702	\$ 1,982,829	\$ 166,451,873	0.50 %	\$ 783	\$	\$ 168,434,702	0.51 %	\$ 783	0.06 %	
2022	174,953,197	1,084,966	173,868,231	0.56	791	273,852	175,227,049	0.57	791	0.07	
2021	146,367,909	1,538,450	144,829,459	0.51	675	978,988	147,346,897	0.52	675	0.06	
2020	127,049,484	1,602,455	125,447,029	0.49	660	2,066,623	129,116,107	0.50	660	0.06	
2019	146,114,011	1,421,810	144,692,201	0.62	702	3,194,124	149,308,135	0.64	702	0.07	
2018	136,582,001	670,907	135,911,094	0.63	666	4,311,411	140,893,412	0.65	666	0.07	
2017	123,326,123	613,495	122,712,628	0.60	499	3,596,211	126,922,334	0.59	499	0.07	
2016	140,587,140	3,109,338	137,477,802	0.73	579	4,597,112	145,184,252	0.78	579	0.08	
2015	120,355,130	1,042,071	119,313,059	0.77	512	5,599,203	125,954,333	0.82	512	0.07	
2014	135,405,000	855,899	134,549,101	0.97	596	5,588,546	140,993,546	1.02	596	0.10	

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

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

Gilbert Unified School District No. 41
Direct and Overlapping Governmental Activities Debt
June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Net Full Cash Assessed Value</u>	<u>Net Limited Assessed Value</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:					
State of Arizona	\$ None	\$ 103,872,223,919	\$ 78,405,598,978	3.18 %	\$ None
Maricopa County	None	72,238,314,892	51,575,018,189	4.83	None
Maricopa Community College District	135,585,000	72,238,314,892	51,575,018,189	4.83	6,548,756
Maricopa County Special Healthcare District	600,335,000	72,238,314,892	51,575,018,189	4.83	28,996,181
Eastmark Community Facilities District No. 1	58,885,000	61,345,000	120,115,355	100.00	58,885,000
Eastmark Community Facilities District No. 2	2,175,000	2,240,000	9,282,152	100.00	2,175,000
Gilbert County Island Fire District	None	77,878,001	52,616,744	29.93	None
City of Chandler	236,415,000	5,012,820,890	3,702,957,065	1.8	4,255,470
City of Mesa	318,950,000	6,283,284,989	42,336,365,562	16.14	51,478,530
Town of Gilbert	281,620,000	4,101,111,157	2,990,879,634	57.51	161,959,662
Subtotal, Overlapping Debt					<u>314,298,599</u>
Direct:					
Gilbert Unified School District No. 41					<u>168,434,702</u>
Total Direct and Overlapping Governmental Activities Debt					<u>\$ 482,733,301</u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt	
As a Percentage of Net Limited Assessed Valuation	6.68 %
Net Direct and Overlapping General Bonded Debt	
Per Capita	\$2,236
As a Percentage of Net Limited Assessed Valuation	19.29 %
As a Percentage of Gross Full Cash Value	1.44 %

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

Notes: 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

Gilbert Unified School District No. 41
Legal Debt Margin Information
Last Ten Fiscal Years

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

Net full cash assessed valuation	\$ 3,451,941,649
Debt limit (20% of assessed value)	690,388,330
Debt applicable to limit	<u>168,567,832</u>
Legal debt margin	<u>\$ 521,820,498</u>

Total Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 3,451,941,649
Debt limit (30% of assessed value)	1,035,582,495
Debt applicable to limit	<u>168,567,832</u>
Legal debt margin	<u>\$ 867,014,663</u>

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit	\$ 1,035,582,495	\$ 973,003,698	\$ 885,980,150	\$ 807,114,684	\$ 723,595,830
Total net debt applicable to limit	<u>168,567,832</u>	<u>173,949,104</u>	<u>144,489,320</u>	<u>123,636,927</u>	<u>141,450,000</u>
Legal debt margin	<u>\$ 867,014,663</u>	<u>\$ 799,054,594</u>	<u>\$ 741,490,830</u>	<u>\$ 683,477,757</u>	<u>\$ 582,145,830</u>
Total net debt applicable to the limit as a percentage of debt limit	16%	18%	16%	15%	20%

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 fiscal year 2016-17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with fiscal year 2016-17, 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.

Fiscal Year Ended June 30				
<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 668,691,770	\$ 634,176,094	\$ 577,848,559	\$ 478,888,322	\$ 290,475,682
<u>130,835,000</u>	<u>116,725,000</u>	<u>132,845,000</u>	<u>116,680,000</u>	<u>135,405,000</u>
<u>\$ 537,856,770</u>	<u>\$ 517,451,094</u>	<u>\$ 445,003,559</u>	<u>\$ 362,208,322</u>	<u>\$ 155,070,682</u>
20%	18%	23%	24%	47%

Gilbert Unified School District No. 41
County-Wide Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2022	4,586,431	\$ 268,713,717	\$ 59,759	3.0 %	215,029
2021	4,507,419	249,677,860	56,255	4.5	221,225
2020	4,439,220	245,077,753	53,521	6.6	216,700
2019	4,367,835	222,943,072	49,704	3.6	192,364
2018	4,294,460	210,370,180	47,694	4.1	208,084
2017	4,221,684	196,286,191	45,573	4.2	204,995
2016	4,137,076	185,111,698	43,628	4.5	247,000
2015	4,076,438	184,784,917	42,092	5.5	242,857
2014	4,087,191	168,483,421	41,222	5.9	235,000
2013	4,009,412	147,700,000	27,552	6.2	227,000

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis.

The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics.

Gilbert Unified School District No. 41
Maricopa County, Arizona
Principal Employers
Current Fiscal Year and Fiscal Year Nine Years Prior

Employer	2023			2014		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Banner Health Systems	41,435	2.24	%	25,270	1.41	%
State of Arizona	39,172	2.12		49,278	2.76	
Walmart Stores Inc.	38,309	2.08		32,169	1.80	
Arizona State University	34,421	1.86		12,222	0.68	
City of Phoenix	15,645	0.85		14,983	0.84	
Wells Fargo Company	15,500	0.84		14,713	0.82	
Maricopa County	13,149	0.71		12,698	0.71	
Intel Corporation	12,000	0.65		11,900	0.67	
U.S. Postal Service	11,000	0.60				
JPMorgan Chase & Co.	9,500	0.51				
Bank of America				11,000	0.62	
JP Morgan Chase & Co.				11,042	0.62	
Total	230,131	12.46	%	195,275	10.93	%
Total employment	1,845,890			1,787,700		

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

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

Gilbert Unified School District No. 41
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Supervisory				
Supervisors of instruction / Superintendents /				
Directors / Coordinators	48	47	49	51
Principals	41	38	40	40
Assistant principals	25	27	24	23
Dean of students	10	10	10	11
Classified supervisors	41	36	24	22
Total supervisory	165	158	147	146
Instruction				
Teachers/Librarians	1,925	1,953	1,954	1,936
Speech pathologists	60	70	66	64
Aides	566	531	519	504
Total instruction	2,551	2,554	2,539	2,504
Student Services				
Media Technicians	10	7	7	8
Technicians (Core technicians)	49	74	13	12
Psychologists	42	43	43	40
Counselors	51	54	54	50
Social workers	35	37	34	24
Total student services	187	215	151	133
Support and Administration				
Bus/Van Drivers	169	155	166	181
Food Service workers	210	152	145	153
Service workers	902	863	838	853
Total support and administration	1,281	1,170	1,149	1,187
Total	4,184	4,097	3,986	3,971

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

Full-time Equivalent Employees as of June 30

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
40	47	41	41	41	36
38	39	39	38	40	40
23	22	22	21	21	21
11	11	9	11	8	9
36	29	36	98	98	106
<u>148</u>	<u>148</u>	<u>147</u>	<u>209</u>	<u>208</u>	<u>212</u>
1,907	1,898	1,911	1,866	1,831	2,043
54	59	54	57	52	55
518	502	506	566	582	620
<u>2,479</u>	<u>2,459</u>	<u>2,471</u>	<u>2,489</u>	<u>2,465</u>	<u>2,718</u>
8	8	34	19	19	19
12	13	8	13	13	11
38	38	40	38	40	38
49	39	39	37	41	41
23	27	24	22	25	25
<u>130</u>	<u>125</u>	<u>145</u>	<u>129</u>	<u>138</u>	<u>134</u>
1,188	1,178	1,180	1,143	1,173	1,105
<u>1,188</u>	<u>1,178</u>	<u>1,180</u>	<u>1,143</u>	<u>1,173</u>	<u>1,105</u>
<u>3,945</u>	<u>3,910</u>	<u>3,943</u>	<u>3,970</u>	<u>3,984</u>	<u>4,169</u>

Gilbert Unified School District No. 41

Operating Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	Average Daily Membership (ADM)*	Governmental Operating Expenditures	Cost per ADM	Percentage Change
2023	31,596	\$ 350,052,067	\$ 11,079	12.71 %
2022	31,836	312,938,926	9,830	2.68
2021	30,789	294,745,174	9,573	11.73
2020	33,154	284,054,849	8,568	1.28
2019	32,933	278,595,802	8,459	7.58
2018	33,300	261,850,896	7,863	2.87
2017	33,679	257,450,411	7,644	7.73
2016	34,196	242,641,576	7,096	2.57
2015	35,357	244,587,959	6,918	(1.06)
2014	35,913	251,088,688	6,992	(0.55)

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

Note: Operating Expenditures are taken from the Statement of Revenues, Expenditures and Changes in Fund Balances, - Governmental Funds - excluding capital outlay and debt service costs.

* Average daily membership (ADM) represents the average enrollment or "member days" through the first 100 days of the school year. In Arizona, school is generally in session for 180 days.

Government-Wide Activities Expenses		Cost per ADM	Percentage Change		Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students	
\$	388,628,770	\$ 12,310	13.17	%	1,953	16.2	30.0	%
	345,397,167	10,877	1.02		1,953	16.3	20.9	
	331,499,784	10,767	15.13		1,954	15.8	20.5	
	310,053,116	9,352	7.72		1,936	17.1	23.8	
	285,917,608	8,682	4.45		1,907	17.3	25.3	
	276,787,582	8,312	4.15		1,898	17.5	29.2	
	268,771,839	7,980	7.06		1,911	17.6	27.6	
	254,903,776	7,454	(4.30)		1,866	18.3	27.9	
	275,392,973	7,789	(0.20)		1,831	19.3	27.8	
	280,292,863	7,805	0.52		2,043	17.6	29.3	

Gilbert Unified School District No. 41
Capital Assets Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Schools</u>				
Elementary				
Buildings	127	127	128	128
Square feet	2,171,752	2,171,752	2,019,090	2,019,090
Capacity	21,184	21,184	23,875	23,875
Enrollment	14,687	16,216	16,297	17,318
Middle				
Buildings	49	49	50	50
Square feet	659,895	659,895	831,896	831,896
Capacity	7,356	7,356	8,362	8,362
Enrollment	5,094	5,486	5,481	5,323
High				
Buildings	101	101	101	101
Square feet	1,783,960	1,783,960	1,789,491	1,784,397
Capacity	13,819	13,819	15,652	15,448
Enrollment	11,561	11,877	11,901	12,127
<u>Administrative</u>				
Buildings	24	24	24	24
Square feet	184,405	184,405	184,405	181,102
<u>Transportation</u>				
Garages	9,660	9,660	9,660	18,056
Buses	180	180	197	197
<u>Athletics</u>				
Football fields	31	31	31	31
Running tracks	11	11	11	11
Baseball/softball	50	50	50	50
Swimming pools	2	2	2	2
Playgrounds	26	26	27	27

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

Fiscal Year Ended June 30

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
128	128	128	128	128	128
2,019,090	2,019,090	2,019,090	2,019,090	2,019,090	2,019,090
23,875	23,875	23,875	23,875	23,875	23,875
17,318	17,440	18,307	18,307	18,307	18,528
50	50	50	50	50	50
831,896	831,896	831,896	831,896	831,896	831,896
8,362	8,362	8,362	8,362	8,362	8,362
5,323	5,579	6,204	6,204	6,204	6,521
101	101	101	101	101	101
1,784,397	1,784,397	1,784,397	1,784,397	1,784,397	1,784,397
15,448	15,448	15,448	15,448	15,448	15,448
12,127	12,052	12,725	12,725	12,725	13,000
24	24	24	24	24	21
181,102	181,102	181,102	181,102	181,102	201,490
18,056	18,056	18,056	18,056	18,056	27,186
197	253	253	253	253	256
31	31	31	31	31	31
11	11	11	11	11	11
50	50	50	50	50	50
2	3	3	3	3	3
27	27	27	27	27	27



(This page intentionally left blank)