

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019**

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
LIST OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2019**

**Governing Board**

Danielle Clymer	President
Kimberly Moran	Member
Dr. Tawnya Pfitzer	Member
Alayne Weathersby	Member
Melissa Zuidema	Member

**Superintendent**

Jodi Gunning

**Executive Director of Finance**

Wendy D. Qualls

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Litchfield Elementary School District No. 79  
Litchfield Park, Arizona

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Litchfield Elementary School District No. 79 (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Litchfield Elementary School District No. 79 as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, on our consideration of the District'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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 30, 2020

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

As management of Litchfield Elementary School District No. 79 (District), we offer the 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, 2019.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91,375,228 (net position).
- ◆ The District's total net position increased by \$8,278,031. The increase was largely due to increases in property tax revenues, state equalization and additional state aid and capital contributions.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$57,052,256, a decrease of \$15,548,412 in comparison with the prior year. The decrease was largely due to \$14,934,504 in bond building expenditures for pupil transportation vehicles, school improvements, and construction of an elementary school.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$37,330,523, or 51.0% of total General Fund expenditures.
- ◆ The District's total bonded debt decreased by \$4,732,790 (8.9%) during the current fiscal year. The decrease was due to scheduled principal payments due on outstanding bonds.

**OVERVIEW OF THE 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required 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 statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows 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 government'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 vacation leave).

The government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this MD&A.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**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, like other state and local governments, 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 fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows 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 a government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains forty-four individual governmental funds. 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 Fund, Debt Service Fund, and Bond Building Fund, all of which are considered to be major funds. Data from the other forty-one governmental funds are combined into a single, aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found on pages 13 – 18 of this report.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the *resources* of those funds are not available to support the District's own programs. The fiduciary funds are custodial in nature and do not present results of operations or a measurement focus.

The statement of fiduciary fund net position can be found on page 19 of this report.

**Notes to Basic 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 basic financial statements can be found on pages 20 – 42 of this report.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**Required Supplementary Information Other than the MD&A**

Governments have the option of presenting budgetary comparison schedules for the General Fund and major Special Revenue Funds as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has presented the General Fund budgetary comparison schedule as RSI other than the MD&A and can be found on page 43. The District also reports a schedule of its proportionate share of the net pension/OPEB liability and contributions as RSI immediately following the general fund budgetary schedule.

**Other Information**

The statistical section includes selected financial demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 50 – 63 of this report.

**Government-Wide Financial Analysis**

As noted earlier, 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 of resources exceeded liabilities and deferred inflows of resources by \$91,375,228 at the close of the most recent fiscal year.

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

**Net Position**

A summary of changes in the District's Statement of Net Position is as follows:

**Table A-1  
The District's Net Position**

	Governmental Activities	
	2019	2018
Current and Other Assets	\$ 67,632,650	\$ 80,596,269
Capital Assets	149,092,155	134,068,230
Total Assets	216,724,805	214,664,499
Deferred Outflows of Resources	11,286,094	11,787,218
Current Liabilities	8,624,600	6,062,924
Long-Term Liabilities	118,761,578	132,433,604
Total Liabilities	127,386,178	138,496,528
Deferred Inflows of Resources	9,249,493	4,857,992
Net Position		
Net Investment in Capital Assets	103,092,605	98,170,912
Restricted	16,462,391	17,299,109
Unrestricted	(28,179,768)	(32,372,824)
Total Net Position	<u>\$ 91,375,228</u>	<u>\$ 83,097,197</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

At the end of the current fiscal year, the District was able to report positive balances in two of the three categories of net position. The net investment in capital assets increased 5.0% due to the reduction of long-term debt associated with the assets. The debt, net of unspent bonds, was a direct offset to net position. Current year depreciation was a decrease to the net investment in capital assets, while current year principal payments on long-term debt increased net position.

Restricted net position decreased 4.8% largely due to a reduction in net position restricted for food services and capital projects (excluding unspent bond proceeds), net of an increase in net position restricted for classroom site.

The unrestricted portion increased by 13.0%, due to a reduction in the pension/OPEB liability. It should also be noted that this category is negative due to pension related activity.

**Change in Net Position**

Overall, net position increased \$8,278,031 or 10.0%. Key elements of this increase are as follows:

**Table A-2  
Change in Net Position**

	Governmental Activities			
	2019	2018	Annual Change	Percent Change
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 5,467,866	\$ 5,379,307	\$ 88,559	1.65 %
Operating Grants and Contributions	12,955,599	12,959,568	(3,969)	(0.03)%
Capital Grants and Contributions	2,293,393	127,491	2,165,902	1698.87 %
General Revenues:				
Property Taxes	27,412,883	22,350,187	5,062,696	22.65 %
Grants and Contributions Not Restricted to Specific Programs:				
State Equalization and Additional State Aid	49,434,480	44,935,568	4,498,912	10.01 %
Federal Aid Not Restricted	110,432	57,569	52,863	91.83 %
Unrestricted Investment Earnings	1,340,443	594,297	746,146	125.55 %
Other	198,685	127,810	70,875	55.45 %
Total Revenues	<u>99,213,781</u>	<u>86,531,797</u>	<u>12,681,984</u>	<u>14.66 %</u>
<b>EXPENSES</b>				
Instruction	50,879,483	47,207,242	3,672,241	7.78 %
Support Services:				
Students and Instructional Staff	10,220,092	9,181,873	1,038,219	11.31 %
General and School Administration	4,281,992	4,514,365	(232,373)	(5.15)%
Business and Other Support Services	3,069,464	3,087,299	(17,835)	(0.58)%
Operation and Maintenance of Plant	8,377,026	8,478,023	(100,997)	(1.19)%
Student Transportation	4,325,294	4,015,810	309,484	7.71 %
Operation of Noninstructional Services	8,101,907	8,073,043	28,864	0.36 %
Interest on Long-Term Debt	1,680,492	1,460,169	220,323	15.09 %
Total Expenses	<u>90,935,750</u>	<u>86,017,824</u>	<u>4,917,926</u>	<u>5.72 %</u>
<b>CHANGE IN NET POSITION</b>	8,278,031	513,973	7,764,058	1510.60 %
Net Position - Beginning of Year	83,097,197	82,569,795	527,402	0.64 %
Net Effect of Prior Period Adjustments	-	13,429	(13,429)	
Net Position - Beginning of Year, Restated	<u>83,097,197</u>	<u>82,583,224</u>	<u>513,973</u>	
<b>NET POSITION - END OF YEAR</b>	<u>\$ 91,375,228</u>	<u>\$ 83,097,197</u>	<u>\$ 8,278,031</u>	9.96 %



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

Program revenues, which are made up of charges for services, operating grants and contributions, and capital grants and contributions, increased from the prior year by \$2,250,492. The most significant increase was an increase in capital grants and contributions. The capital grant was related to large building renewal projects funded by a state School Facilities Board Grant. The grant was used at several District schools for school building improvements.

Property taxes increased \$5,062,696 or 22.7% due voters approving to increase the property tax rates.

State equalization and additional state aide increased \$4,498,912 due to the District receiving more funding based upon changes in the state funding formula, as well as additional state aid.

District expenses increased by \$4,917,926 primarily as a result of staffing to provide instruction to additional students, providing additional contracted student support services to special education students, pay raises and increases in health insurance premiums.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$57,052,256, a decrease of \$15,548,412 in comparison with the prior year. Approximately 65.4% of this total amount (\$37,330,523) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable and restricted to indicate that is not available for new spending.

At fiscal year-end 2018-19 balances were as follows:

**Table A-3  
Fund Balances**

Fund	Balance	Increase (Decrease) From 2017-18
General Fund	\$ 37,419,415	\$ 131,270
Debt Service Fund	609,367	336,946
Bond Building Fund	3,479,276	(14,934,504)
Nonmajor Governmental Funds	15,544,198	(1,082,124)
Total	\$ 57,052,256	\$ (15,548,412)

The General Fund increase was not significant, but was the net effect of \$8,972,381 increase in revenues and \$9,870,198 increase in expenses. The increases in revenues was due to an increase in property tax revenues, state equalization and additional state aid. The expenditures increased as a result of staffing to provide instruction to additional students, providing additional contracted student support services to special education students, pay raises and increases in health insurance premiums.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

The Debt Service Fund increased due to the net effect of an increase in property tax revenues that will be used to pay the outstanding debt and a net increase in scheduled debt service payments due on the outstanding bonds.

The Bond Building Fund decreased due to the use of previously issued bonds. The bonds were used to fund various student transportation projects, school improvements and the construction of a new elementary school.

The Nonmajor Governmental Funds decrease was mainly due to a reduction in the Adjacent Ways fund and Food Services fund. These decreases were offset by an increase in the Classroom Site fund. The Adjacent Ways fund decreased due to the use of prior year carryforward for capital projects. The food service fund decrease was due to a reduction in federal funding related to claims for meals served and non-cash commodities received by the District.

The Classroom Site fund plan is adopted by the governing prior to the State's determination of funds to be allocated to Arizona school districts. As a result, the District may adopt a plan less than the fiscal year's allocation to school districts. The Classroom Site funds can be carried over for future appropriation.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget totaled \$287,324. There were no significant changes in the budget from the original adopted budget to the final budget. The regular education subsection accounted for \$296,284 of the difference and was largely allocated to instruction and general administration.

The amendments described above were made due to increased budget carryover becoming available when prior year actual General Fund expenditures were less than projected. Actual General Fund expenditures were \$5,772,628 less than budget during the fiscal year. Actual expenditures were within 8.0% of budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for the governmental activities as of June 30, 2019, amounts to \$149,092,155 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, furniture, equipment and vehicles and construction in progress.

Major capital asset events during the current fiscal year included the following:

- ◆ Completion of the Palm Valley roof replacement project for total project costs of \$0.8 million.
- ◆ Western Sky roof replacement currently in progress with accumulated costs of \$0.9 million.
- ◆ Construction of School 16 (currently included in work-in-progress) with current year costs of \$15.0 million and accumulated costs to-date of \$16.1 million.
- ◆ Purchase of 16 buses to replace older bus inventory for \$2.1 million.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

Capital assets for fiscal years June 30, 2019 and 2018, net of accumulated depreciation was as follows:

**Table A-4  
Capital Assets (Net)**

	Governmental Activities	
	2019	2018
Land	\$ 20,161,037	\$ 20,161,037
Construction in Progress	17,221,929	1,043,793
Land Improvements	1,942,903	2,030,679
Buildings and Building Improvements	103,737,706	106,474,755
Furniture, Equipment, and Vehicles	6,028,580	4,357,966
Total Capital Assets, Net	<u>\$ 149,092,155</u>	<u>\$ 134,068,230</u>

Additional information on the District's capital assets can be found in Note 2.A.4. of this report.

**Long-Term Debt**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$46,335,000. All this debt is backed by the full faith and credit of the District.

**Table A-5  
Outstanding Debt**

	Governmental Activities	
	2019	2018
General Obligation Bonds	<u>\$ 46,335,000</u>	<u>\$ 50,845,000</u>

The District's total bonded debt decreased by \$4,510,000 (8.9%) during the current fiscal year. This decrease was the result of scheduled principal payments due on outstanding bonds.

The State Constitution/Statutes limits the amount of bonded debt a nonunified school district may issue to 15% of its net secondary assessed valuation and the greater of 10% of the net secondary assessed valuation or \$1,500 per ADM for Class B Bonded debt. The current debt limitation for the District is \$155,718,321 for all debt and \$103,812,214, for Class B bonded debt. The District's total debt was below 15% of its net secondary assessed valuation and below the greater of 10% of the net secondary assessed valuation or \$1,500 per average daily membership (ADM) for Class B bonded debt.

Additional information on the District's long-term debt can be found in Note 2.E. of this report.

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

- ◆ Increased budget available due to state appropriation for teacher salary increases.
- ◆ Increased operational costs due to voter approved increase in the State minimum wage.

All of these factors were considered in preparing the District's budget for the 2019 fiscal year.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Finance, Litchfield Elementary School District No. 79, 272 E. Sagebrush St., Litchfield Park, Arizona 85340, or call 623-535-6000.

## **BASIC FINANCIAL STATEMENTS**

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 45,623,420
Restricted Cash and Investments	4,673,017
Deposits	90,000
Receivables:	
Property Taxes	1,919,437
Intergovernmental	14,937,534
Inventories	214,958
Net Other Postemployment Benefits Asset	174,284
Capital Assets:	
Nondepreciable	37,382,966
Depreciable, Net	111,709,189
Total Assets	<u>216,724,805</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions and Other Post Employment Benefits	11,286,094
<b>LIABILITIES</b>	
Accounts Payable	1,867,934
Accrued Wages and Benefits	1,311,666
Accrued Interest	935,000
Matured Debt Principal Payable	4,510,000
Long-Term Liabilities:	
Due Within One Year	5,736,032
Due in More Than One Year	46,146,132
Net Pension and OPEB Liability Due in More Than One Year	66,879,414
Total Liabilities	<u>127,386,178</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pensions and Other Post Employment Benefits	<u>9,249,493</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	103,092,605
Restricted for:	
Instructional Improvements	901,853
Classroom Site	3,965,686
Federal and State Grants	768,686
Food Services	2,660,880
Debt Service	652,084
Civic Center	3,342,046
Community School	2,576,990
Other Noninstructional Services	458,575
Other Post Employment Benefits	174,284
Other	234,851
Capital Projects	726,456
Unrestricted	<u>(28,179,768)</u>
Total Net Position	<u><u>\$ 91,375,228</u></u>

See accompanying Notes to Basic Financial Statements.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 50,879,483	\$ 324,572	\$ 8,202,874	\$ -	\$ (42,352,037)
Support Services:					
Students	6,801,866	-	442,274	-	(6,359,592)
Instructional Staff	3,418,226	4,049	843,468	-	(2,570,709)
General Administration	1,110,771	2,288	119,818	-	(988,665)
School Administration	3,171,221	-	115,658	-	(3,055,563)
Business and Other Support Services	3,069,464	57,320	108,710	-	(2,903,434)
Operation and Maintenance of Plant	8,377,026	92,286	158,096	2,293,393	(5,833,251)
Student Transportation	4,325,294	15,857	101,241	-	(4,208,196)
Operation of Noninstructional Services	8,101,907	4,971,494	2,863,460	-	(266,953)
Interest on Long-Term Debt	1,680,492	-	-	-	(1,680,492)
<b>Total</b>	<b>\$ 90,935,750</b>	<b>\$ 5,467,866</b>	<b>\$ 12,955,599</b>	<b>\$ 2,293,393</b>	<b>(70,218,892)</b>
General Revenues:					
					27,412,883
					49,434,480
					110,432
					1,340,443
					198,685
					<u>78,496,923</u>
					8,278,031
					83,097,197
					<u>\$ 91,375,228</u>

See accompanying Notes to Basic Financial Statements.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Bond Building</u>
<b>Assets</b>			
Cash and Investments	\$ 25,339,697	\$ 6,031,341	\$ -
Deposit	-	-	-
Restricted Cash and Investments	-	-	4,673,017
Receivables			
Property Taxes	1,761,869	65,743	-
Intergovernmental	13,024,899	-	-
Inventories	88,892	-	-
Due from Other Funds	726,385	-	-
Total Assets	<u>\$ 40,941,742</u>	<u>\$ 6,097,084</u>	<u>\$ 4,673,017</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities			
Accounts Payable	\$ 563,693	\$ -	\$ 1,193,741
Accrued Wages and Benefits	1,311,666	-	-
Accrued Interest	-	935,000	-
Due to Other Funds	-	-	-
Matured Debt Principal Payable	-	4,510,000	-
Total Liabilities	<u>1,875,359</u>	<u>5,445,000</u>	<u>1,193,741</u>
Deferred Inflows of Resources			
Unavailable Revenue	1,646,968	42,717	-
Fund Balances			
Nonspendable	88,892	-	-
Restricted	-	609,367	3,479,276
Unassigned	37,330,523	-	-
Total Fund Balances	<u>37,419,415</u>	<u>609,367</u>	<u>3,479,276</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances			
	<u>\$ 40,941,742</u>	<u>\$ 6,097,084</u>	<u>\$ 4,673,017</u>

See accompanying Notes to Basic Financial Statements.



Nonmajor Governmental Funds	Totals
\$ 14,252,382	\$ 45,623,420
90,000	90,000
-	4,673,017
91,825	1,919,437
1,912,635	14,937,534
126,066	214,958
393,778	1,120,163
<u>\$ 16,866,686</u>	<u>\$ 68,578,529</u>
\$ 110,500	\$ 1,867,934
-	1,311,666
-	935,000
1,120,163	1,120,163
-	4,510,000
<u>1,230,663</u>	<u>9,744,763</u>
91,825	1,781,510
216,066	304,958
15,328,132	19,416,775
-	37,330,523
<u>15,544,198</u>	<u>57,052,256</u>
<u>\$ 16,866,686</u>	<u>\$ 68,578,529</u>

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

Total Fund Balances for Governmental Funds	\$	57,052,256
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Governmental Capital Assets	\$ 217,388,443	
Less: Accumulated Depreciation	<u>(68,296,288)</u>	149,092,155

Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.

Property Taxes		1,781,510
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Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions/OPEB		11,286,094
Deferred Inflows of Resources Related to Pensions/OPEB		(9,249,493)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

General Obligation Bonds	(46,335,000)	
Unamortized Premiums	(2,112,001)	
Capital Lease Payable	(1,031,825)	
Net Pension and OPEB Liability	(66,879,414)	
Net OPEB Asset	174,284	
Compensated Absence Payable	<u>(2,403,338)</u>	<u>(118,587,294)</u>

Total Net Position of Governmental Activities	\$	<u>91,375,228</u>
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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	General Fund	Debt Service	Bond Building
Revenues			
Property Taxes	\$ 20,930,035	\$ 6,480,296	\$ -
Intergovernmental	50,533,966	-	-
Food Service Sales	-	-	-
Auxiliary Operations	181,391	-	-
Contributions and Donations	220,567	-	-
Investment Earnings	660,581	353,036	-
Other	198,685	-	-
Total Revenues	72,725,225	6,833,332	-
Expenditures			
Current			
Instruction	41,859,924	-	-
Support Services			
Students	6,768,876	-	-
Instructional Staff	2,770,793	-	-
General Administration	1,058,426	-	-
School Administration	3,288,841	-	-
Business and Other Support Services	2,920,647	1,000	-
Operations and Maintenance of Plant	8,399,621	-	-
Student Transportation	5,525,025	-	419,149
Operation of Noninstructional Services	145,519	-	-
Debt Service			
Principal Retirement	-	4,510,000	-
Interest on Long-Term Debt	-	1,985,386	-
Facilities Acquisition	419,299	-	14,515,355
Total Expenditures	73,156,971	6,496,386	14,934,504
Excess (Deficiency) of Revenues Over Expenditures	(431,746)	336,946	(14,934,504)
Other Financing Sources (Uses)			
Transfers In	726,385	-	-
Transfers Out	(140,000)	-	-
Total Other Financing Sources (Uses)	586,385	-	-
Net Change in Fund Balances	154,639	336,946	(14,934,504)
Fund Balances			
Beginning of Year	37,288,145	272,421	18,413,780
Increase (Decrease) in Nonspendable Fund Balance for Inventories	(23,369)	-	-
End of Year	\$ 37,419,415	\$ 609,367	\$ 3,479,276

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Totals
\$ 150	\$ 27,410,481
13,820,576	64,354,542
1,718,254	1,718,254
-	181,391
218,795	439,362
326,827	1,340,444
<u>3,568,221</u>	<u>3,766,906</u>
<u>19,652,823</u>	<u>99,211,380</u>
7,159,163	49,019,087
322,314	7,091,190
808,799	3,579,592
103,977	1,162,403
56,477	3,345,318
117,813	3,039,460
273,210	8,672,831
18,021	5,962,195
8,240,979	8,386,498
99,482	4,609,482
31,045	2,016,431
<u>2,907,660</u>	<u>17,842,314</u>
<u>20,138,940</u>	<u>114,726,801</u>
(486,117)	(15,515,421)
140,000	866,385
<u>(726,385)</u>	<u>(866,385)</u>
<u>(586,385)</u>	<u>-</u>
(1,072,502)	(15,515,421)
16,626,322	72,600,668
<u>(9,622)</u>	<u>(32,991)</u>
<u>\$ 15,544,198</u>	<u>\$ 57,052,256</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
RECONCILIATION STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances-Total Governmental Funds \$ (15,515,421)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Expenditure for Capital Assets	20,562,882
Loss on Disposal of Assets	(68,134)
Less: Depreciation Expense	<u>(5,470,823)</u>
Excess Capital Expenditures over Depreciation	15,023,925

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Unavailable Revenue - Current Year	1,781,510
Unavailable Revenue - Prior Year	(1,779,108)

The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal reduces long-term debt on the statement of net position.

Principal Payments on General Obligation Bonds	4,510,000
Principal Payments on Capital Leases	99,482
Accrued Interest Payable	113,149
Amortization of Premium	222,790

Governmental funds report District pension/OPEB contributions as expenditures when made. However, in the statement of activities, pension/OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions/OPEB, and the investment experience.

Pension/OPEB Contributions	6,346,219
Pension/OPEB Expense	(2,376,446)

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 the governmental funds.

Change in Compensated Absences	(115,078)
Change in Inventory Balances	<u>(32,991)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 8,278,031</u></u>
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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**STATEMENT OF FIDUCIARY FUND NET POSITION**  
**JUNE 30, 2019**

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets	
Cash and Investments	<u>\$        52,202</u>
<b>Liabilities</b>	
Current Liabilities	
Due to Student Groups	<u>\$        52,202</u>

*See accompanying Notes to Basic Financial Statements.*

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Litchfield Elementary School District No. 79 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A summary of the District's significant accounting policies follows.

**A. Reporting Entity**

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

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

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, and investment earnings 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. All other revenues are considered to be measurable and available when cash is received by the government.

The District reports the following major governmental funds:

*Major Governmental Funds*

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. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within four subsections titled regular education programs, special education programs, pupil transportation, and K-3 Reading.

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

The *Bond Building Fund* is a capital projects fund that accounts for monies received from the District bond issues that are used to acquire sites, construct school buildings, supply school buildings with furniture and apparatus, improve school grounds, and purchase pupil transportation vehicles.

Additionally, the District reports the following fund type:

The *Agency Fund* is custodial in nature and does not present results of operations or a measurement focus and is described as follows:

The Student Activities Fund accounts for monies raised by students to finance student clubs and organizations but held by the District as an agent.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

Arizona Revised Statutes (A.R.S.) requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Bond Building and Debt Service Funds, which are invested separately. As required by statute, interest earned by the Bond Building and Debt Service Funds is recorded in the Debt Service Fund.

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements.

The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool.

A.R.S. 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% of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**2. Restricted Cash and Investments**

Unspent bond proceeds are restricted for voter-approved capital projects and improvements. The restricted cash and investments are reported separately to present the District's cash and investments that are restricted for these purposes.

**3. Deposits**

The District has \$90,000 in deposits with Mohave Educational Services Cooperative, Inc. (Mohave) through an agreement in which Mohave provides purchasing services for the food service program.

**4. Property Taxes Receivable**

Maricopa 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. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

**5. Intergovernmental Receivable**

Intergovernmental receivables account for federal and state grants earned, but not yet received at year-end and include federal grants in aid (\$437,742), state instructional improvement funds (\$210,599), state classroom site funds (\$879,410), state building renewal grants in aid (\$393,778), and state equalization and additional state aid (\$13,016,005).

**6. Inventories**

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**7. Interfund Receivables and Payables**

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

**8. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings	30 to 40 years
Improvements Other than Buildings	10 to 30 years
Furniture, Equipment, and Vehicles	5 to 15 years

**9. Deferred Outflows of Resources**

The District recognizes the consumption of net position that is applicable to future reporting periods as deferred outflows of resources. The deferred outflows of resources reported in the government-wide financial statements consist of the differences between expected and actual experience, differences between projected and actual investment earnings, changes in the District's proportionate share, and the District's contributions to the District's pension and other postemployment benefits (OPEB) plans made subsequent to the measurement date of the pension and OPEB liability.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**10. Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**11. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 and the premium are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures/expenses in the fund and government-wide financial statements, respectively.

**12. Pension and Other Postemployment Benefit Plans**

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. 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.



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**13. Deferred Inflows of Resources**

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2019 or within 60 days of fiscal year end. The deferred inflows of resources represent a reconciling item between the governmental fund and the government-wide financial statements.

The District also recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to differences between expected and actual experience of pension and OPEB costs and changes in actuarial assumptions related to the estimation of the District's pension and OPEB liabilities.

**14. Net Position**

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because the District reports all District assets which make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

The government-wide financial statements report \$16,462,391 of restricted net position, none of which is restricted by enabling legislation.

**15. Fund Balances**

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, committed, assigned, and unassigned fund balances.

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**15. Fund Balances (Continued)**

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

Committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the Governing Board can remove or change the constraints placed on committed fund balances. Commitments must be made or removed prior to the end of the fiscal year through formal board action.

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Governing Board has authorized the Executive Director of Finance to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**15. Fund Balances (Continued)**

When an expenditure is incurred that can be paid from either restricted, committed, assigned or unassigned fund balances, it is the District's policy to use restricted fund balance first, then committed, and unassigned amounts.

The District has classified its fund balances as follows:

	General Fund	Debt Service Fund	Bond Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventories	\$ 88,892	\$ -	\$ -	\$ 126,066	\$ 214,958
Deposits	-	-	-	90,000	90,000
	<u>88,892</u>	<u>-</u>	<u>-</u>	<u>216,066</u>	<u>304,958</u>
<b>Restricted:</b>					
Classroom Site	-	-	-	3,965,686	3,965,686
Instructional Improvement	-	-	-	901,853	901,853
Federal and State Grants	-	-	-	768,686	768,686
Food Service	-	-	-	2,444,814	2,444,814
Other Special Revenues					
Civic Center	-	-	-	3,342,046	3,342,046
Community School	-	-	-	2,576,990	2,576,990
Noninstructional Programs	-	-	-	458,575	458,575
Other	-	-	-	234,851	234,851
Capital Projects	-	-	3,479,276	634,631	4,113,907
Debt Service	-	609,367	-	-	609,367
	<u>-</u>	<u>609,367</u>	<u>3,479,276</u>	<u>15,328,132</u>	<u>19,416,775</u>
<b>Unassigned</b>	<u>37,330,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,330,523</u>
<b>Total Fund Balance</b>	<u>\$ 37,419,415</u>	<u>\$ 609,367</u>	<u>\$ 3,479,276</u>	<u>\$ 15,544,198</u>	<u>\$ 57,052,256</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2019 consist of the following:

Deposits:	
Cash in Bank	\$ 1,443,494
Investments:	
Cash on Deposit with County Treasurer	48,905,145
Total Deposits and Investments	<u>50,348,639</u>
Less: Restricted Cash and Investments	(4,673,017)
Less: Fiduciary Fund	<u>(52,202)</u>
Total Cash and Investments	<u><u>\$ 45,623,420</u></u>

**Deposits**

The District's deposits at June 30, 2019 had a carrying value of \$1,443,494 and a bank balance of \$1,648,851. The bank balance was covered by federal depository insurance or collateral held by the financial institution in the District's name.

**Investments**

At June 30, 2019 the District's investments were reported at fair value. The District's investments included only cash on deposit with the County Treasurer.

*Interest Rate Risk* - In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to one year or less.

*Credit Risk* - The District does not have a formal investment policy in regards to credit risk. However, the District is prohibited by State law from investing in investments other than State and County Treasurer's investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements.

*Custodial Credit Risk* - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will be unable to recover the value of its investments or collateralized securities that are in the possession of a third party. The District does not have a formal investment policy in regards to custodial credit risk. However, the District's investments are not subject to custodial credit risk.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Restricted Cash and Investments**

Restricted cash and investments at June 30, 2019 consisted of \$4,673,017 of unspent bond proceeds reported in the Bond Building Fund. The unspent bond proceeds are on deposit with the County Treasurer and are restricted to school improvements, construction, pupil transportation vehicles, equipment, and apparatus for the new schools and related bond issuance costs.

**3. Receivables**

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent Property Taxes Receivable	
General Fund	\$ 1,646,968
Debt Service Fund	42,717
Nonmajor Governmental Funds	91,825
Total	<u>\$ 1,781,510</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 20,161,037	\$ -	\$ -	\$ 20,161,037
Construction in Progress	1,043,793	17,634,350	(1,456,214)	17,221,929
Total Capital Assets, Not Being Depreciated	21,204,830	17,634,350	(1,456,214)	37,382,966
Capital Assets, Being Depreciated:				
Land Improvements	5,190,182	116,206	-	5,306,388
Buildings and Building Improvements	160,494,125	1,744,472	-	162,238,597
Furniture, Equipment, and Vehicles	10,786,859	2,524,068	(850,435)	12,460,492
Total Capital Assets, Being Depreciated	176,471,166	4,384,746	(850,435)	180,005,477
Accumulated Depreciation for:				
Land Improvements	(3,159,503)	(203,982)	-	(3,363,485)
Buildings and Building Improvements	(54,019,370)	(4,481,521)	-	(58,500,891)
Furniture, Equipment, and Vehicles	(6,428,893)	(785,320)	782,301	(6,431,912)
Total Accumulated Depreciation	(63,607,766)	(5,470,823)	782,301	(68,296,288)
Total Capital Assets, Being Depreciated, Net	112,863,400	(1,086,077)	(68,134)	111,709,189
Governmental Activities Capital Assets, Net	<u>\$ 134,068,230</u>	<u>\$ 16,548,273</u>	<u>\$ (1,524,348)</u>	<u>\$ 149,092,155</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 4,363,271
Support Services:	
Students	26,514
Instructional Staff	4,145
General Administration	2,797
Business and Other Support Services	169,189
Operations and Maintenance of Plant	70,503
Student Transportation	599,855
Operation of Noninstructional Services	234,549
Total	<u>\$ 5,470,823</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**5. Construction Commitments**

At June 30, 2019, the District had active construction commitments for projects currently in progress. Those construction commitments are as follows:

Project	Governmental Activities	
	Spent-to Date	Remaining Commitment
Energy Management		
Dreaming Summit Elementary School	\$ 23,500	\$ 82,953
Verrado Elementary School	37,000	88,476
Mabel Padgett Elementary School	34,000	82,096
School 16	16,103,133	1,217,331
Western Sky Middle School Roof	943,815	173,469
Total	<u>\$ 17,141,448</u>	<u>\$ 1,644,325</u>

**B. Interfund Receivables/Payables and Transfers**

As of June 30, 2019 interfund receivable and payables were as follows:

Due To	Due From
	Nonmajor Governmental Funds
General Fund	\$ 726,385
Nonmajor Governmental Funds	393,778
Total	<u>\$ 1,120,163</u>

The above interfund receivable and payable were recorded to reflect cash transfers between the General Fund and Nonmajor Governmental Funds to transfer indirect cost funds for the fiscal year ended June 30, 2019 and were the result of timing of the transfers. The cash balances were transferred in fiscal year 2019-20.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables/Payables and Transfers (Continued)**

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Transfers In	Transfers Out		
	General Funds	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 726,385	\$ 726,385
Nonmajor Governmental Funds	140,000	-	140,000
Total	\$ 140,000	\$ 726,385	\$ 866,385

The transfer from the General Fund to the Nonmajor Governmental Funds was recorded to make the required debt service payments due on the energy climate control systems lease.

The transfer from the Nonmajor Governmental Funds to the General Fund was made to record the indirect costs of federal grants. The Arizona Department of Education approved a maximum indirect cost rate of 4.23% restricted and 25.00% nonrestricted. The District did not exceed the maximum indirect cost rates during the fiscal year.

**C. Line of Credit**

The District has an available line of credit through direct borrowings in the amount of \$5,000,000 with a local financial institution. The District did not draw upon the line of credit during the fiscal year and had a balance due of \$-0- at June 30, 2019.



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Obligations Under Leases**

The District entered into a lease agreement as a lessee for financing the acquisition of energy efficient climate control systems. The lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the net present value of future minimum lease payments as of the inception date. The utility cost savings generated from the implementation of the energy control systems will be used to fund the capital lease obligation. As of June 30, 2019, \$1,506,012 in assets has been purchased by the District and has been capitalized as buildings and improvements. Accumulated depreciation on the assets at June 30, 2019 is \$537,870.

The future minimum lease obligations and the net present value of lease payments through June 30, 2019 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 130,527
2021	130,527
2022	130,527
2023	130,527
2024	130,527
2025-2028	<u>522,108</u>
Total Minimum Lease Payments	1,174,743
Less: Amount Representing Interest	<u>(142,918)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,031,825</u></u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations**

The District has long-term bonds payable issued to provide funds for the acquisition and construction of major capital facilities. The outstanding bonds are being repaid from a secondary tax collected and recorded in the Debt Service Fund and the capital lease will be repaid from the Nonmajor Energy and Water Savings Fund. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Maturity Dates	Amount Outstanding
School Improvement Bonds, Project 2006 Original Amount \$10,500,000	2.00-5.00%	7/1/19-22	\$ 5,775,000
School Improvement Bonds, Project 2009 Original Amount \$10,325,000	2.00-5.00	7/1/19-23	8,305,000
School Improvement Bonds, Series 2015 Original Amount \$15,675,000	2.00-4.00	7/1/19-30	14,175,000
School Improvement Bonds, Series 2016 Original Amount \$6,000,000	1.00-3.50	7/1/19-30	4,220,000
School Improvement Bonds, Series 2018 Original Amount \$14,760,000	2.00-4.00	7/1/19-30	<u>13,860,000</u>
Total General Obligation Bonds Payable			<u>\$ 46,335,000</u>

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 50,845,000	\$ -	\$ (4,510,000)	\$ 46,335,000	\$ 5,115,000
Premium on Bonds	2,334,791	-	(222,790)	2,112,001	-
Total Bonds Payable	<u>53,179,791</u>	<u>-</u>	<u>(4,732,790)</u>	<u>48,447,001</u>	<u>5,115,000</u>
Other Liabilities:					
Capital Lease Obligation	1,131,307	-	(99,482)	1,031,825	102,293
Compensated Absences	2,288,260	675,929	(560,851)	2,403,338	518,739
Total Other Liabilities	<u>3,419,567</u>	<u>675,929</u>	<u>(660,333)</u>	<u>3,435,163</u>	<u>621,032</u>
Total Debt	<u>\$ 56,599,358</u>	<u>\$ 675,929</u>	<u>\$ (5,393,123)</u>	<u>\$ 51,882,164</u>	<u>\$ 5,736,032</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

Debt service requirements on long-term debt at June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	Bond	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,115,000	\$ 1,730,175
2021	4,835,000	1,552,625
2022	5,300,000	1,362,925
2023	5,705,000	1,142,925
2024	5,050,000	906,425
2025-2029	17,175,000	2,358,500
2030	3,155,000	112,150
Totals	<u>\$ 46,335,000</u>	<u>\$ 9,165,725</u>

**NOTE 3 OTHER INFORMATION**

**A. 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 carries commercial insurance for all such risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Contingent Liabilities**

*Ground Lease* - In January 2003, September 2003, August 2004 and December 2004 the District executed ground leases. The District granted a leasehold interest in a parcel of property to a bank (Trustee). The Trustee, in turn, leased the property to the Arizona School Facilities Board (SFB) by which the SFB is obligated to make lease payments to the Trustee, subject to receiving legislative appropriations, until the obligation to the Trustee is satisfied. Once the obligation to the Trustee is satisfied, all rights, title, and interest in the property (land and buildings) become the District's. However, if legislative appropriations are not received, the SFB is relieved of any subsequent obligation under the lease and the obligation is considered in default. In the event of default, the leases shall automatically terminate and the District agrees that it shall promptly surrender possession of the property to the Trustee.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans**

**Cost-Sharing Pension and OPEB Plans**

At June 30, 2019, the District reported the following related to pensions and OPEB to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	ASRS Pension	ASRS OPEB	Governmental Activities
Net Pension and OPEB Asset	\$ -	\$ 174,284	\$ 174,284
Net Pension and OPEB Liability	66,629,312	250,102	66,879,414
Deferred Outflows of Resources	10,555,974	730,120	11,286,094
Deferred Inflows of Resources	8,712,416	537,077	9,249,493
Pension and OPEB Expense	2,114,218	262,228	2,376,446

**Arizona State Retirement System**

**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. The 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 its website at [www.azasrs.gov](http://www.azasrs.gov).

**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:

	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 Consecutive Months of Last 120 Months	Highest 60 Consecutive Months of Last 120 Months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

\* With Actuarially Reduced Benefits

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

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 earning. 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 retirement benefit option chosen determines the survivor benefit. 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.

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

**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 year ended June 30, 2019, statute required active ASRS members were required to contribute at the actuarially determined rate of 11.80% (11.64% for retirement and 0.16% for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.80% (11.18% for retirement, 0.46% for the health insurance premium benefit, and 0.16% for long-term disability) of the active members' annual covered payroll.

In addition, the District was required by statute to contribute at the actuarially determined rate of 10.53% (10.41% for retirement, 0.06% for health insurance premium benefit, and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill.

The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2019, were \$6,012,774, \$247,395, and \$86,050, respectively.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2019**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

During the fiscal year ended June 30, 2019, the District paid for ASRS pension and OPEB contributions as follows: 80% from the General Fund and 20% from other funds.

**Liability** – At June 30, 2019, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	\$ 66,629,312
Health Insurance Premium Benefit	(174,284)
Long-Term Disability	250,102

The net asset and net liabilities were measured as of June 30, 2018. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liabilities as of June 30, 2018, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8% to 7.5%, changing the projected salary increases from 3–6.75% to 2.7–7.2%, decreasing the inflation rate from 3% to 2.3%, and changing the mortality rates.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended 2018, and the change from its proportions measured as of June 30, 2017 were:

	Proportion June 30, 2018	Increase (Decrease) from June 30, 2017
Pension	0.47775%	(0.00792)
Health Insurance Premium Benefit	0.48400	(0.00593)
Long-Term Disability	0.47866	(0.00779)

**Expense** – For the year ended June 30, 2019, the District recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 2,114,218
Health Insurance Premium Benefit	172,805
Long-Term Disability	89,423

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Deferred Outflows/Inflows of Resources** – At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,835,583	\$ 367,316
Changes of Assumptions or Other Inputs	1,763,133	5,907,603
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,602,277
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	944,484	835,220
Contributions Subsequent to the Measurement Date	<u>6,012,774</u>	<u>-</u>
Total	<u>\$ 10,555,974</u>	<u>\$ 8,712,416</u>
	Health Benefit Supplement	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 160,857
Changes of Assumptions or Other Inputs	336,108	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	348,158
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	820
Contributions Subsequent to the Measurement Date	<u>247,395</u>	<u>-</u>
Total	<u>\$ 583,503</u>	<u>\$ 509,835</u>
	Long-term Disability	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 6,396	\$ -
Changes of Assumptions or Other Inputs	54,171	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	24,225
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	3,017
Contributions Subsequent to the Measurement Date	<u>86,050</u>	<u>-</u>
Total	<u>\$ 146,617</u>	<u>\$ 27,242</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

<u>Year Ending June 30,</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2020	\$ 921,041	\$ (67,674)	\$ 313
2021	(1,941,162)	(67,674)	314
2022	(2,430,536)	(67,674)	314
2023	(718,559)	6,506	6,802
2024	-	22,789	7,992
Thereafter	-	-	17,590

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

Actuarial Valuation Date	June 30, 2017
Actuarial Roll Forward Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.5%
Projected Salary Increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent Benefit Increase	Included for pensions/not applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP for pension and health insurance premium
Recover Rate	2012 GLDT for long-term disability
Healthcare Cost Trend Rate	Not applicable

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

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 Real Rate of Return
Equity	50 %	5.50 %
Fixed Income	30	3.83
Real Estate	20	5.85
Total	<u>100 %</u>	

**Discount Rate** At June 30, 2018, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5%, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. 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 plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**Sensitivity of the District's Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate** – The following table presents the District's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the			
Net Pension Liability	\$ 94,981,617	\$ 66,629,312	\$ 42,941,419
Net Health Benefit Supplement Liability (Asset)	617,528	(174,284)	(848,750)
Net Long-term Disability Liability	283,435	250,102	217,759

**ASRS Plan Fiduciary Net Position** – Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report.

**Contributions Payable** – The District's accrued payroll and employee benefits included \$-0- of outstanding pension and OPEB contributions amounts payable to ASRS for the year ended June 30, 2019.

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**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN THE MD&A**

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN THE MD&A**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ -	\$ -	\$ 20,591,804	\$ 20,591,804
Intergovernmental	-	-	47,887,181	47,887,181
Investment Earnings	-	-	158,413	158,413
Other	-	-	94,704	94,704
Total Revenues	-	-	68,732,102	68,732,102
<b>Expenditures</b>				
<b>Regular Education</b>				
Instruction	34,945,391	35,043,223	31,225,610	3,817,613
Support Services - Students	3,047,341	2,989,441	2,954,908	34,533
Support Services - Instructional Staff	1,950,696	2,023,696	1,841,007	182,689
Support Services - General Administration	689,800	819,800	750,243	69,557
Support Services - School Administration	2,998,642	3,067,426	3,052,886	14,540
Support Services - Business and Other	2,620,238	2,620,238	2,494,449	125,789
Operations and Maintenance of Plant	9,150,153	9,129,521	8,298,400	831,121
Operation of Noninstructional Services	-	4,200	-	4,200
School-Sponsored Cocurricular Activities	79,212	79,212	60,189	19,023
School-Sponsored Athletics	140,070	141,070	120,844	20,226
Total Regular Education	55,621,543	55,917,827	50,798,536	5,119,291
<b>Special Education</b>				
Instruction	7,509,515	7,533,515	7,250,870	282,645
Support Services - Students	3,884,243	3,797,243	3,615,114	182,129
Support Services - Instructional Staff	583,079	588,079	541,768	46,311
Support Services - General Administration	173,059	172,059	164,114	7,945
Support Services - School Administration	56,040	122,040	103,386	18,654
Support Services - Business and Other	23,266	13,266	7,022	6,244
Operations and Maintenance of Plant	13,400	13,400	6,246	7,154
Total Special Education	12,242,602	12,239,602	11,688,520	551,082
<b>Pupil Transportation</b>				
Student Transportation Services	3,609,057	3,734,057	3,630,683	103,374
K-3 Reading	556,728	425,768	426,887	(1,119)
Total Expenditures	72,029,930	72,317,254	66,544,626	5,772,628
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	(72,029,930)	(72,317,254)	2,187,476	74,504,730
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(140,000)	(140,000)	(140,000)	-
<b>Net Change in Fund Balance</b>	(72,169,930)	(72,457,254)	2,047,476	74,504,730
<b>Fund Balance</b>				
Beginning of Year	-	-	4,839,503	4,839,503
Fund Balance for Inventories	-	-	(23,369)	(23,369)
End of Year	\$ (72,169,930)	\$ (72,457,254)	\$ 6,863,610	\$ 79,320,864

See accompanying Notes to Required Supplementary Information Other Than MD&A.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN THE MD&A  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
NET PENSION AND OPEB ASSET/LIABILITY  
COST SHARING PENSION AND OPEB PLANS  
LAST TEN YEARS**

ASRS - Pension	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 (2016)
District's Proportion of the Net Pension Liability	0.477750%	0.485670%	0.472470%
District's Proportionate Share of the Net Pension Liability	\$ 66,629,312	\$ 75,657,919	\$ 76,261,404
District's Covered Payroll	\$ 47,487,001	\$ 47,830,468	\$ 44,687,444
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.31%	158.18%	170.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.40%	69.92%	67.06%

ASRS - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 (2016)
District's Proportion of the Net OPEB Liability (Asset)	0.484000%	0.489930%	0.004899%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (174,284)	\$ (266,718)	\$ 141,666
District's Covered Payroll	\$ 47,487,001	\$ 47,830,468	\$ 44,687,444
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.37%	-0.56%	0.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	102.20%	103.57%	N/A

ASRS - Long-term Disability	Reporting Fiscal Year (Measurement Date)		
	2018 (2017)	2018 (2017)	2017 (2016)
District's Proportion of the Net OPEB Liability (Asset)	0.478660%	0.486450%	0.486449%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 250,102	\$ 176,327	\$ 174,812
District's Covered Payroll	\$ 47,487,001	\$ 47,830,468	\$ 44,687,444
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	0.53%	0.37%	0.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	77.83%	84.44%	N/A

See accompanying Notes to Required Supplementary Information Other Than MD&A.

Reporting Fiscal Year (Measurement Date)		
2016 (2015)	2015 (2014)	2014 (2013)
0.458590%	0.437988%	0.427241%
\$ 71,431,652	\$ 64,807,380	\$ 71,026,060
\$ 42,321,907	\$ 39,528,352	N/A
168.78%	163.95%	N/A
68.35%	69.49%	N/A

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN THE MD&A  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
COST SHARING PENSION AND OPEB PLANS  
LAST TEN YEARS**

ASRS - Pension	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily Required Contribution	\$ 6,012,774	\$ 5,134,959	\$ 5,106,671
Contributions in Relation to the Statutorily Required Contribution	<u>6,012,774</u>	<u>5,134,959</u>	<u>5,106,671</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 52,227,848	\$ 47,487,001	\$ 47,830,468
Contributions as a Percentage of Covered Payroll	11.51%	10.81%	10.68%
ASRS - Health Insurance Premium Benefit	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily Required Contribution	\$ 247,395	\$ 207,283	\$ 263,749
Contributions in Relation to the Statutorily Required Contribution	<u>247,395</u>	<u>207,283</u>	<u>263,749</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 52,227,848	\$ 47,487,001	\$ 47,830,468
Contributions as a Percentage of Covered Payroll	0.47%	0.44%	0.55%
ASRS - Long-term Disability	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily Required Contribution	\$ 86,050	\$ 75,375	\$ 66,158
Contributions in Relation to the Statutorily Required Contribution	<u>86,050</u>	<u>75,375</u>	<u>66,158</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 52,227,848	\$ 47,487,001	\$ 47,830,468
Contributions as a Percentage of Covered Payroll	0.16%	0.16%	0.14%

See accompanying Notes to Required Supplementary Information Other Than MD&A.



<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,799,916	\$ 4,599,924	\$ 4,224,528
<u>4,799,916</u>	<u>4,599,924</u>	<u>4,224,528</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 44,687,444	\$ 42,321,907	\$ 39,528,352
10.74%	10.87%	10.69%

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER THAN THE MD&A**  
**JUNE 30, 2019**

**NOTE 1 BASIS OF ACCOUNTING**

The General Fund budgetary comparison schedule is prepared on the budgetary basis of accounting. See Note 3 on the next page for a reconciliation of the General Fund Budgetary Comparison Schedule to the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures (See Note 3 on next page for exception). The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within four subsections (see Note 1 in the basic financial statements for a description of General Fund), any of which may be overexpended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

No supplementary budgetary appropriations were necessary during the year.

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER THAN THE MD&A**  
**JUNE 30, 2019**

**NOTE 3 BUDGETARY COMPARISON SCHEDULE RECONCILIATION**

For external reporting purposes, the General Fund includes revenues, expenditures, other financing sources, and uses and fund balances of other internally maintained funds. The General Fund, however, is budgeted based on the internally maintained General Fund and does not include the other internally maintained funds.

In addition, prepaid insurance was budgeted as an expenditure in the year in which it is paid. Consequently, the following the following reconciliation is necessary to reconcile the General Fund Budgetary Comparison Schedule to the Statement of Revenues, Expenditures, and Changes in Fund Balances.

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 72,725,225	\$ 73,156,971	\$ 586,385	\$ 37,288,145	\$ 37,419,415
Non Maintenance and Operation Activity Included in General Fund	(3,993,123)	(6,065,045)	(726,385)	(25,499,354)	(24,153,817)
Current Year Prepaid Items	-	6,401,988	-	-	(6,401,988)
Items Prepaid in a Prior Fiscal Year that were Reported as Expenditures in the Current Year.	-	(6,949,288)	-	(6,949,288)	-
Budgetary Comparison Schedule - General Fund	<u>\$ 68,732,102</u>	<u>\$ 66,544,626</u>	<u>\$ (140,000)</u>	<u>\$ 4,839,503</u>	<u>\$ 6,863,610</u>

**NOTE 4 COST SHARING PLAN**

Information prior to the measurement date June 30, 2013 was not available. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), as amended by GASB Statement No. 85, *Omnibus 2017*, requires the District to present ten years of pension and OPEB information as required supplementary information. However, until a full ten years of trend data is compiled, the District will present information for only those years for which information is available.

**STATISTICAL SECTION  
(UNAUDITED)**

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
ENROLLMENT (ADM)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	ADM	Increase/ (Decrease)	Percent Change
2018-19	10,673	(93)	-0.86%
2017-18	10,766	24	0.22%
2016-17	10,742	124	1.17%
2015-16	10,618	70	0.66%
2014-15	10,548	375	3.69%
2013-14	10,173	332	3.37%
2012-13	9,841	195	2.02%
2011-12	9,646	(78)	-0.80%
2010-11	9,724	323	3.44%
2009-10	9,401	477	5.35%

Source: Arizona Department of Education Resident Average Daily Membership Recap Day 1 through 100.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
NET ASSESSED AND ESTIMATED ACTUAL VALUATION OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Estimated Actual Valuation	Assessed Valuation		Percent of Assessed Valuation of Estimated Actual Valuation	
		Primary	Secondary	Primary	Secondary
2018-19	\$ 8,384,535,866	\$ 819,761,974	\$ 1,038,122,141	9.78 %	12.38 %
2017-18	7,805,296,915	756,560,104	940,968,475	9.69	12.06
2016-17	7,259,879,120	703,245,154	860,154,054	9.69	11.85
2015-16	6,786,726,616	661,374,248	780,369,365	9.75	11.50
2014-15	5,639,986,190	619,728,002	652,775,053	10.99	11.57
2013-14	4,822,640,096	570,004,892	577,493,266	11.82	11.97
2012-13	5,901,935,374	579,584,448	584,148,304	9.82	9.90
2011-12	5,274,896,125	640,228,935	644,383,622	12.14	12.22
2010-11	6,302,727,958	754,076,852	782,205,291	11.96	12.41
2009-10	7,961,283,309	875,411,148	988,320,957	11.00	12.41

Notes: Estimated Actual Valuations were obtained from the Arizona Department of Revenue Abstract of the Assessment Roll and are presented net of the estimated actual value of exempt property.

Assessed Valuations were obtained from the Arizona Department of Revenue Abstract of the Assessment Roll. Property has been assessed the following percentages of limited cash value for primary taxes and full cash value for secondary taxes as set forth in the Arizona Revised Statutes: mining property at 18%; utility property at 18%; railroad property at 15%; commercial and industrial property at 18%; residential property at 10%; and agricultural property at 15%.



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
 ASSESSED VALUATION BY PROPERTY CLASSIFICATION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**NET LIMITED ASSESSED VALUATION BY PROPERTY CLASSIFICATION**

Fiscal Year	Mines, Utilities and Commercial	Agriculture and Vacant	Primary Residential Property	Lease or Rented Residential	Railroad and Airlines	Historical Property	Certain Government Property Improvements	Total
2018-19	\$ 124,348,501	\$ 42,677,930	\$ 479,236,166	\$ 168,331,682	\$ 78,776	\$ 5,050,475	\$ 38,444	\$ 819,761,974
2017-18	111,515,456	41,463,889	440,246,523	157,773,008	185,002	5,339,613	36,613	756,560,104
2016-17	105,747,613	39,751,681	402,490,506	149,600,345	188,920	5,431,869	34,220	703,245,154
2015-16	102,915,541	43,291,455	372,524,561	137,007,967	213,298	5,395,228	26,198	661,374,248
2014-15	98,551,915	41,706,756	352,905,743	121,451,807	229,838	4,850,631	31,153	619,727,843
2013-14	104,209,067	45,253,195	322,226,008	96,752,738	215,474	1,307,199	41,211	570,004,892
2012-13	111,862,116	46,253,154	361,213,618	60,034,070	213,297	-	8,193	579,584,448
2011-12	122,368,161	69,198,419	385,975,862	62,460,710	193,709	-	12,010	640,208,871
2010-11	141,289,936	99,368,514	446,938,977	66,274,689	204,736	-	-	754,076,852
2009-10	138,772,372	129,941,567	541,547,836	64,929,982	219,391	-	-	875,411,148

Note: Assessed valuation amounts were obtained from the Arizona Department of Revenue Abstract of the Assessment Roll.

**SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION**

Fiscal Year	Mines, Utilities and Commercial	Agriculture and Vacant	Primary Residential Property	Lease or Rented Residential	Railroad and Airlines	Historical Property	Government Property Improvements	Total
2018-19	\$ 145,172,933	\$ 73,559,088	\$ 594,608,035	\$ 218,766,534	\$ 96,068	\$ 5,860,250	\$ 59,233	\$ 1,038,122,141
2017-18	128,947,038	70,496,582	536,180,479	198,641,099	217,650	6,436,893	48,734	940,968,475
2016-17	117,919,930	65,241,724	486,842,608	183,765,563	203,140	6,136,960	44,129	860,154,054
2015-16	107,434,385	56,231,915	444,823,523	166,224,039	217,650	5,408,805	29,048	780,369,365
2014-15	99,333,638	45,625,254	371,832,661	130,865,107	232,160	4,855,080	31,153	652,775,053
2013-14	104,462,543	49,992,902	322,769,345	98,689,207	217,651	1,320,408	41,211	577,493,266
2012-13	112,247,864	49,684,843	361,894,724	60,095,030	217,650	-	8,193	584,148,304
2011-12	122,858,257	72,491,100	386,323,148	62,481,457	217,650	-	12,010	644,371,612
2010-11	154,856,537	111,748,416	447,916,652	67,437,016	246,670	-	-	782,205,291
2009-10	166,060,751	194,526,240	558,137,992	69,334,794	261,180	-	-	988,320,957

Note: Assessed valuation amounts were obtained from the Arizona Department of Revenue Abstract of the Assessment Roll.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
ASSESSMENT RATIOS  
LAST FIVE FISCAL YEARS  
(UNAUDITED)**

<u>Property Classification (a)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Mining, Utilities, Commercial and Industrial	19.00%	18.50%	18.00%	18.00%	18.00%
Agriculture and Vacant Land	16.00	16.00	15.00	15.00	15.00
Primary Residential Property	10.00	10.00	10.00	10.00	10.00
Leased or Rented Residential	10.00	10.00	10.00	10.00	10.00
Railroads, Private Rail Cars, and Airlines	16.00	15.00	14.00	14.00	14.00

Source: County Assessors Office

(a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
PRINCIPAL TAXPAYERS  
JUNE 30, 2019  
(UNAUDITED)**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2018-19 Secondary Assessed Valuation</u>	<u>As percent of District's Secondary Assessed Valuation</u>
Arizona Public Service Company	Gas and Electric Utility	\$ 16,974,927	1.64 %
Wigwam Inn, Inc.	Resort	6,475,777	0.62
Southwest Gas Corporation	Gas and Electric Utility	5,416,454	0.52
The Market at Estrella Falls LLC	Shopping Centers	4,930,707	0.47
FR PV 303 LLC	Distribution Center	4,898,853	0.47
Litchfield Park Service Co - Sewer	Water and Sewer	4,207,543	0.41
First American Title Insurance Co.	Shopping Centers	4,127,422	0.40
Litchfield Park Service Co - Water	Water and Sewer	4,037,988	0.39
PRCP-Avondale I LLC	Apartments	3,105,529	0.30
PRCP-Avondale II LLC	Apartments	2,965,017	0.29
Totals		<u>\$ 57,140,217</u>	<u>5.51 %</u>

Source: Maricopa County Assessor's Office.

Note: Assessed valuation amounts were obtained from the Arizona Department of Revenue Abstract of the Assessment Roll and the Maricopa County Assessor.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
REAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Real Property Tax Levy	Collected to June 30 End of Tax Fiscal Year		Collected as of June 30, 2019	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2018-19	\$ 31,466,635	\$ 31,217,510	99.21 %	\$ 31,217,510	99.21 %
2017-18	26,356,929	24,888,823	94.43	26,354,575	99.99
2016-17	26,582,288	26,511,246	99.73	26,580,812	99.99
2015-16	25,361,703	25,039,680	98.73	25,359,042	99.99
2014-15	23,947,689	22,764,864	95.06	23,945,804	99.99
2013-14	22,679,607	21,477,190	94.70	22,677,346	99.99
2012-13	22,723,252	21,599,878	95.06	22,722,364	100.00
2011-12	20,792,256	19,659,028	94.55	20,554,540	98.86
2010-11	22,351,729	21,371,010	95.61	21,306,793	95.33
2009-10	23,944,263	21,616,520	90.28	23,626,337	98.67

Source: Maricopa County Assessor's Office.

Notes: Real Property Tax Levies and Collections were obtained from the Maricopa County Treasurer.

Assessment and Collections: Under Arizona Law, the County Board of Supervisors is required to levy a tax in an amount sufficient to satisfy debt service requirements of each school district in the County. Real property taxes are levied and collected on property within a school district and certified by the County Treasurer on behalf of the school district.

Taxes Due: Real property taxes are payable in two 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. Delinquent taxes are subject to a penalty of 16% per annum, prorated at a monthly rate of 1.33%. Penalties for delinquent taxes are not included in the above collected figures.

Unsecured personal property taxes are not included in this schedule.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Primary</u>	<u>Secondary</u>	<u>Total</u>
2018-19	\$ 1.97	\$ 1.88	\$ 3.85
2017-18	2.04	1.44	3.48
2016-17	2.25	1.57	3.82
2015-16	2.26	1.57	3.83
2014-15	2.33	1.45	3.78
2013-14	2.44	1.54	3.98
2012-13	2.31	1.58	3.89
2011-12	1.94	1.32	3.26
2010-11	1.62	1.30	2.92
2009-10	1.62	1.01	2.63

Source: Maricopa County Assessor's Office.

Notes: Property Tax Rates were obtained from the Maricopa County Tax Levies and Rates.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
 DIRECT AND OVERLAPPING ASSESSED VALUATIONS  
 AND GENERAL OBLIGATION BONDED INDEBTEDNESS  
 JUNE 30, 2019  
 (UNAUDITED)**

		Litchfield Elementary School District No. 79
Total Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$	46,335,000
Primary Assessed Valuation		819,761,974
Secondary Assessed Valuation		1,038,122,141
Estimated Net Full Cash Value		8,384,535,866

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue and Property Tax Rates and Assessed Values, Arizona Tax Research Association.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND TAX RATES**  
**PER \$100 ASSESSED VALUATION**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Overlapping Jurisdiction	2018/19 Net Limited Assessed Valuation	2018/19 Total Tax Rate Per \$100 Assessed Valuation
State of Arizona	\$ 63,328,439,592	None
Maricopa County	40,423,232,423	1.8750 (a)
Maricopa County Community College District	40,423,232,423	1.3754
Maricopa County Fire District Assistance Tax	40,423,232,423	0.0107
Maricopa County Special Health Care District	40,423,232,423	0.2941
Maricopa County Library District	40,423,232,423	0.0556
Maricopa County Flood Control District (b)	37,003,666,851	0.1792
Central Arizona Water Conservation District	40,423,232,423	0.1400
Buckeye Valley Volunteer Fire District	133,011,119	3.2500
Adaman Irrigation and Water Delivery District #36	NA	10.0500 / acre
McMicken Irrigation District	NA	1.0536 / acre
Roosevelt Irrigation District	NA	29.8100 / acre
Goodyear Community Facilities General District #1	121,618,437	0.8896
Goodyear Community Utilities General District #1	340,810,785	1.1480
Palm Valley Community Facilities District #3	78,569,486	0.8085
Verrado Community Facilities District #1	96,184,427	3.6067
Village at Litchfield Park Community Facilities District	24,268,131	1.3247
Electrical District #7	899,179,156	0.0084
City of Avondale	3,998,288,948	1.7619
City of Buckeye	432,220,285	1.8000
City of Goodyear	818,550,538	1.7350
City of Litchfield Park	80,321,784	0.0000
Western Maricopa Education Center (West-MEC) (b)	14,803,114,353	0.1494
Agua Fria Union High School District No. 216	1,187,073,018	3.4776
Litchfield Elementary School District No. 79	819,761,974	3.8499

(a) Includes the State Equalization Assistance Property Tax levied by the County.

(b) Excludes the personal property assessed value within the County.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Overlapping Jurisdiction	General Obligation Bonded Debt (b)	Proportion Applicable to the District (a)	
		Approximate Percent	Net Debt Amount
State of Arizona	None	1.32%	None
Maricopa County	None	2.03%	None
Maricopa County Community College District	\$ 31,450,000	2.03%	\$ 6,342,735
Maricopa County Special Health Care District	4,459,125,000	2.03%	9,320,238
Goodyear Community Facilities General District #1	7,740,000	69.42%	5,373,108
Goodyear Community Facilities Utilities General District #1	33,130,000	89.43%	29,628,159
Palm Valley Community Facilities District	5,320,000	100.00%	5,320,000
Verrado Community Facilities District #1	32,075,000	81.29%	26,073,768
Village at Litchfield Park Community Facilities District	2,255,000	100.00%	2,255,000
City of Avondale	37,695,000	20.51%	7,731,245
City of Buckeye	None	18.50%	None
City of Goodyear	112,980,000	44.70%	50,581,146
City of Litchfield Park	None	100.00%	None
Agua Fria Union High School District No. 216 (c)	87,815,000	69.06%	60,645,039
Western Maricopa Education Center (West-MEC)	116,510,000	5.54%	6,454,654
Litchfield Elementary School District No. 79 (c)	46,335,000	100.000%	<u>46,335,000</u>
Net Direct and Overlapping General Obligation Bonded Debt			<u>\$ 256,060,092</u>

Source: The various entities and Finance Department of Maricopa County

(a) Utilizes the estimated percent of secondary assessed value of the indicated overlapping entity that lies within the district to the combined secondary assessed value of the overlapping municipal entity.



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
 DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS  
 JUNE 30, 2019  
 (UNAUDITED)**

	Per Capita Bonded Debt Population Estimated at 79,438	As Percent of District's 2018/19 Secondary Assessed Valuation	As Percent of District's 2018/19 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt	\$ 583	4.46%	0.55%
Net Direct and Overlapping General Obligation Debt	3,223	24.67%	3.05%

Source: U.S. Census Bureau, American Community Survey Demographic and Housing Estimates: 2011.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**COMPUTATION OF LEGAL DEBT LIMITATIONS**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Net Secondary Assessed Value		<u>\$ 1,038,122,141</u>
<b>Total District General Obligation and Refunding Bonds</b>		
Debt Limitation - 15% of Net Secondary Assessed Value		\$ 155,718,321
Amount of Debt Applicable to Debt Limit:		
Class A Bonds Outstanding	\$	-
Class B Bonds Outstanding		46,335,000
Total Amount of Debt Applicable to Debt Margin		<u>46,335,000</u>
Legal Debt Margin		<u>\$ 109,383,321</u>
<b>Class B Bonds</b>		
Debt Limit - 10% of Net Secondary Assessed Valuation		\$ 103,812,214
Debt Limit - \$1,500 Per Student Count		16,009,500
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation Bonds Outstanding	\$	46,335,000
Total Debt Applicable to Debt Margin		<u>46,335,000</u>
Legal Debt Margin		<u>\$ 57,477,214</u>

Source: Maricopa County Assessor's Assessment Roll and the District's records.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
ANNUAL DEBT SERVICE REQUIREMENTS OF  
GENERAL OBLIGATION BONDED DEBT OUTSTANDING  
JUNE 30, 2019  
(UNAUDITED)**

Fiscal Year	Outstanding General Obligation Bonded Debt Service Requirements		Total Debt Service Requirements
	Principal	Interest	
2019-20	\$ 5,115,000	\$ 1,730,175	\$ 6,845,175
2020-21	4,835,000	1,552,625	6,387,625
2021-22	5,300,000	1,362,925	6,662,925
2022-23	5,705,000	1,142,925	6,847,925
2023-24	5,050,000	906,425	5,956,425
2024-25	5,395,000	738,175	6,133,175
2025-26	2,785,000	580,675	3,365,675
2026-27	2,875,000	477,650	3,352,650
2027-28	3,005,000	347,525	3,352,525
2028-29	3,115,000	214,475	3,329,475
2029-30	3,155,000	112,150	3,267,150
Totals	\$ 46,335,000	\$ 9,165,725	\$ 55,500,725

Source: Litchfield Elementary School District.

Notes: The data in this table was obtained from the Debt Retirement Schedules.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**SCHOOL FACILITIES**  
**JUNE 30, 2019**  
**(UNAUDITED)**

<u>Facility</u>	<u>Grade Range</u>
Barbara B. Robey Elementary School	K-5
Corte Sierra Elementary School	K-5
Dreaming Summit Elementary School	K-5
Litchfield Elementary School	K-5
L. Thomas Heck Middle School	6-8
Mabel Padgett Elementary School	K-5
Palm Valley Elementary School	K-5
Rancho Santa Fe Elementary School	K-5
Scott Libby Elementary School	K-5
Verrado Elementary School	K-5
Verrado Heritage Elementary School	K-8
Verrado Middle School	6-8
Western Sky Middle School	6-8
Wigwam Creek Middle School	6-8
White Tanks Learning Center	K-8

Source: Litchfield Elementary School District.