
LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25

BUCKEYE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Issued by:
Business Services Department

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25

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INTRODUCTORY SECTION

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December 22, 2020

Citizens and Governing Board
Liberty Elementary School District No. 25
19871 West Fremont Road
Buckeye, Arizona 85326

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Liberty Elementary School District No. 25 (District) for the fiscal year ended June 30, 2020.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade eight, with an estimated current enrollment of 3,899 students.

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

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

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

The District was organized in the late 1800's and encompasses 260 square miles in the west-central section of Maricopa County. Liberty Elementary School District No. 25 is comprised of seven schools: Liberty Elementary School with a student enrollment of 690 students, Estrella Mountain Elementary School with a student enrollment of 555 students; Rainbow Valley School with a student enrollment of 645 students; Westar Elementary School with a student enrollment of 780 students; Freedom Elementary School with a student enrollment of 683 students; Las Brisas Academy, with a student enrollment of 546 students; and Liberty Online School, with a student enrollment of 240. The District is located 25 miles west of downtown Phoenix, Arizona and includes portions of the City of Goodyear, the City of Buckeye, the City of Avondale and specific Maricopa County unorganized areas.

Currently, the District has four National Board Certified (NBC) teachers. The National Board certification process is a multi-year endeavor that requires teachers to take several courses, submit numerous teaching videos which they have analyzed and reflected upon, and pass rigorous tests. NBC teachers provide excellence in teaching and leading. We continue to encourage our teachers to engage in the National Board Certification process and provide support for this.

Each of our schools has a specific signature program. Estrella Mountain Elementary School is an International Baccalaureate World School authorized to provide the Primary Years Program (PYP) and the Middle Years Program (MYP). The International Baccalaureate (IB) aims to develop inquiring, knowledgeable, and caring young people who help to create a better and more peaceful world through intercultural understanding and respect. Additionally, Estrella Mountain offers Spanish as a second language for all students.

Leadership skill building is a focus on the campus. Since its induction, students and staff have been invited to speak at several major events in support of building future leaders including a visit to the Arizona Department of Education and the Arizona School Boards Association where they presented about the leadership program. Student activism and involvement in the community has grown since the inception of the program.

Freedom Elementary recently updated their signature program to Communication Arts. The program focus will supplement the district curriculum with opportunities to further integrate communications-focused authentic learning tasks or experiences. Students will communicate their thoughts and ideas via various platforms used to publish and broadcast their work. Their projects would have public performance components. Students will engage in social discourse; base claims on credible evidence; listen and respond; communicate ideas clearly and articulately; publish writing in various formats with real life purposes; utilize social media appropriately and effectively; and present publicly.

Las Brisas Academy provides performing arts and dual-language immersion programs. The program integrates core content standards with performing and visual arts standards to engage students both artistically and cognitively, and to develop a lifelong appreciation of the arts. Additionally, the dual-language program immerses K-4 students in English and Spanish to develop bilingual fluency.

Liberty Elementary School provides an Agriculture Science experience for students. The school has developed a curriculum around agriculture science with a community garden and small animal sciences. Partnerships with Arizona Farm Bureau and University of Arizona support the development of unique integrated project-based curriculum focused on agriculture sciences. A partnership with Buckeye Union High School provides support in bridging elementary and high school.

Rainbow Valley provides a leadership and character program. Leadership skill building is a focus on the campus. Since its induction, students and staff have been invited to speak at several major events in support of building future leaders including a visit to the Arizona Department of Education and the Arizona School Boards Association where they presented about the leadership program. Student activism and involvement in the community has grown since the inception of the program.

Westar Elementary is a Science, Technology, Engineering, and Math (STEM) school. Westar participates in STEM Pro LIVE! sessions which allow students to video call STEM professionals to discuss real live STEM application. They have a one to one technology to student ratio in grades six through eight. Additionally, Westar has science clubs and participates in MakerSpace events, Coding, and Robotics Club.

All schools in the Liberty Elementary School District received a “B”, or “C” letter grade with the overall District rating of a “B”. Additionally, all schools actively participate in Science Olympiad, a competitive Science club where students compete against other schools, Westside Impact Science Fair, Spelling Bee Competitions, and the annual Math Challenge.

The District continues to provide Art, Music and PE for all grade levels on all campuses. The Save the Music program is still used and piano labs are a regular part of Music class. Competitive sports are offered as extra-curricular activities in grades 6th through 8th and include: boys and girls basketball, baseball, softball, soccer, and volleyball. Each school has an active National Junior Honor Society and Student Council. Most schools have an active Parent Organization and all sites have a Parent Council which provides feedback and support to the principal.

As part of the LEA improvement process, the District assigned an Instructional Coach to each campus to provide curricular and instructional support to all teachers.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The Phoenix metropolitan area and the rest of Maricopa County were one of the fastest growing regional markets in the United States in the late 1990's and early 2000's. This growth was stimulated by a combination of warm climate, a substantial well educated labor pool, a wide range of support industries, and a governmental climate that is supportive of economic growth and investment. As the economy rebounds, growth is anticipated based on these factors.

A few of the major non-governmental employers represented in the Phoenix metropolitan area include Wal-Mart Stores, Inc., Banner Health Systems, Wells Fargo Company, Intel Corp., and Fry's Food and Drug Stores. Inc. In addition, the metropolitan area provides excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, and one state university.

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,224 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Buckeye. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. Current population is projected at 4.34 million. Maricopa County has a very wide range of economic sectors supporting its substantial growth. Maricopa County has enjoyed an unemployment rate that was somewhat lower than the Arizona rates, and close to national average.

Service is the largest employment sector in the County, partly fueled by the tourism industry. The County has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category. Manufacturing consisting primarily of high technology companies is the third largest employer. Other factors providing for economic growth include major expansions of the international airport serving the area, a favorable business climate and the presence of a well-developed and expanding transportation infrastructure.

The economy of the District is a mixture of farming, commercial enterprises, light manufacturing and ginning. Agriculture has been the mainstay of the area for many years; however, residential property remains the single largest category of assessed valuation. The net full cash assessed value for the current year is \$374.6 million which is up from the prior year primarily as a result of the economic recovery. The average age of the District's school buildings is 29 years.

Long-term Financial Planning. Long term growth projections indicate significant enrollment increases as communities are developed within the District's boundaries. Additionally, annual modification of the District open enrollment policy continues to increase enrollment. The District explores all practical and legal sources of monetary income and guides the expenditure of funds to achieve the greatest education return.

The District strives to maintain, within budget limits, a level of per-student expenditures needed to provide a world class education and fosters high-quality schools. The District utilizes budgetary practices which ensure full allowable budget balance carry forward. Additional conservative fiscal practices of setting aside monies in the form of prepaid items and building capital reserves have been established to strengthen fiscal stability.

AWARDS AND ACKNOWLEDGMENTS

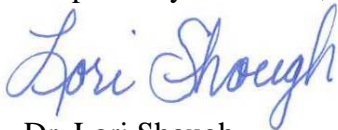
Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 25th consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2020 certificates.

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

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

Respectfully submitted,



Dr. Lori Shough
Superintendent



Kelley Baysinger
Executive Director of Finance



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Liberty Elementary School District No. 25

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

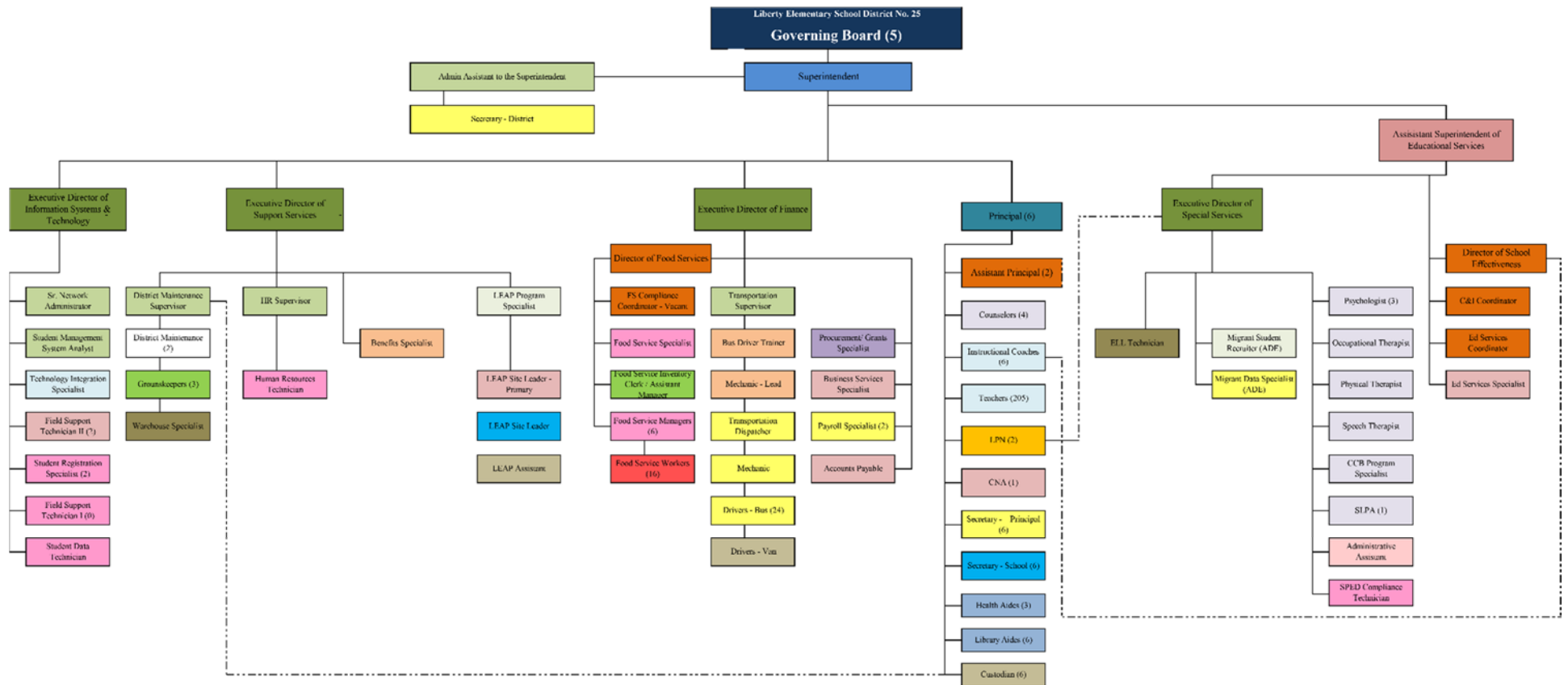
**Liberty Elementary School
District No. 25, Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Mark Aguire
President

Yolanda Lopez-Bearden
Member

Suzanne McEvoy
Member

Kathy McNamara
Member

Jamie Miller
Member

ADMINISTRATIVE STAFF

Dr. Lori Shough, Superintendent

Natasha Camp, Assistant Superintendent of Educational Services

Jason Nuttall, Assistant Superintendent of Support Services

Debra Ryan, Executive Director of Special Services

John Moreno, Executive Director of Information Systems & Technology

Kelley Baysinger, Executive Director of Finance

Jennifer Gray, Principal Liberty Elementary School

Lynzee Booras, Principal Estrella Mountain Elementary School

Dr. Terri Matteson, Principal Rainbow Valley Elementary School

Dave Bogart, Principal Westar Elementary School

Toni Reynolds, Principal Freedom Elementary School

Timothy Dickey, Principal Las Brisas Academy

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Liberty Elementary School District No. 25

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Elementary School District No. 25 (District), as of and for the year ended June 30, 2020, 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.

Auditor's 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 auditor's 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 entity'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 entity'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 the Liberty Elementary School District No. 25, as of June 30, 2020, 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.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2020, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of Liberty Elementary School District No. 25's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Liberty Elementary School District No. 25'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 Liberty Elementary School District No. 25's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 22, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

As management of the Liberty Elementary School District No. 25 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$177,468 which represents a one percent increase from the prior fiscal year, which is insignificant.
- General revenues accounted for \$28.7 million in revenue, or 86 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$4.5 million or 14 percent of total current fiscal year revenues.
- The District had approximately \$33.0 million in expenses related to governmental activities, an increase of 13 percent from the prior fiscal year primarily due to an increase in pension expense.
- Among major funds, the General Fund had \$24.7 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$24.0 million in expenditures. The General Fund's fund balance increase from \$6.2 million at the prior fiscal year end to \$7.2 million at the end of the current fiscal year was primarily due to an increase in state aid as a result of an increase in enrollment as well as a change to the funding formula.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$23.3 million at the current fiscal year end.

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	As of June 30, 2020	As of June 30, 2019
Current and other assets	\$ 35,542,502	\$ 11,950,175
Capital assets, net	48,290,330	48,538,445
Total assets	<u>83,832,832</u>	<u>60,488,620</u>
Deferred outflows	<u>3,293,742</u>	<u>4,634,286</u>
Current and other liabilities	2,388,202	1,907,300
Long-term liabilities	59,988,538	37,422,345
Total liabilities	<u>62,376,740</u>	<u>39,329,645</u>
Deferred inflows	<u>1,486,571</u>	<u>2,888,918</u>
Net position:		
Net investment in capital assets	31,262,062	31,553,422
Restricted	2,507,431	2,246,534
Unrestricted	(10,506,230)	(10,895,613)
Total net position	<u>\$ 23,263,263</u>	<u>\$ 22,904,343</u>

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$10.5 million. The deficit is due to the District's proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

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

- The addition of \$1.7 million in capital assets primarily due to design and construction of new schools.
- The principal retirement of \$1.2 million of general obligation bonds.
- The decrease of \$1.3 million in deferred outflows primarily related to pension plan deferrals.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

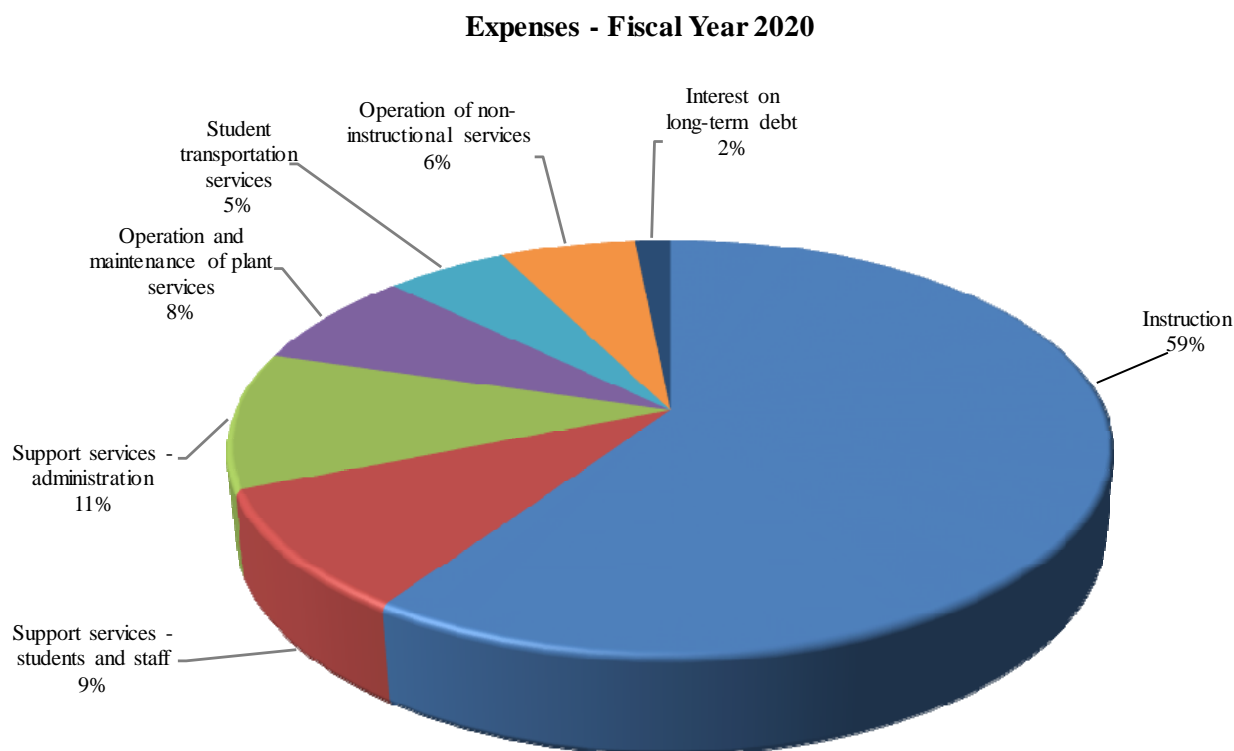
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$33.2 million. The total cost of all programs and services was \$33.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
Revenues:		
Program revenues:		
Charges for services	\$ 840,082	\$ 1,156,009
Operating grants and contributions	3,235,916	2,844,459
Capital grants and contributions	436,766	1,989,364
General revenues:		
Property taxes	7,495,871	7,389,858
Investment income	153,003	121,198
Unrestricted county aid	1,557,171	1,505,412
Unrestricted state aid	19,344,125	17,278,217
Unrestricted federal aid	133,934	86,238
Total revenues	<u>33,196,868</u>	<u>32,370,755</u>
Expenses:		
Instruction	19,645,988	16,642,530
Support services - students and staff	3,134,991	2,850,566
Support services - administration	3,493,681	2,886,701
Operation and maintenance of plant services	2,536,672	2,470,401
Student transportation services	1,766,002	1,981,666
Operation of non-instructional services	1,946,430	1,885,046
Interest on long-term debt	495,636	525,336
Total expenses	<u>33,019,400</u>	<u>29,242,246</u>
Changes in net position	177,468	3,128,509
Net position, beginning, as restated	<u>23,085,795</u>	<u>19,775,834</u>
Net position, ending	<u><u>\$ 23,263,263</u></u>	<u><u>\$ 22,904,343</u></u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- Unrestricted state aid revenue increased \$2.1 million due to changes in the funding structure.
- Instruction expense increased \$3 million primarily due to pension expense and salary increases.
- Support Services – administration expense increased \$606,980 primarily due to pension expense and salary increases.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2020		Year Ended June 30, 2019	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 19,645,988	\$ (18,017,468)	\$ 16,642,530	\$ (13,170,252)
Support services - students and staff	3,134,991	(2,661,890)	2,850,566	(2,463,325)
Support services - administration	3,493,681	(3,393,092)	2,886,701	(2,700,695)
Operation and maintenance of plant services	2,536,672	(2,207,072)	2,470,401	(2,401,435)
Student transportation services	1,766,002	(1,761,527)	1,981,666	(1,981,666)
Operation of non-instructional services	1,946,430	30,049	1,885,046	(9,705)
Interest on long-term debt	495,636	(495,636)	525,336	(525,336)
Total	<u>\$ 33,019,400</u>	<u>\$ (28,506,636)</u>	<u>\$ 29,242,246</u>	<u>\$ (23,252,414)</u>

- The cost of all governmental activities this year was \$33.0 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$4.5 million.
- Net cost of governmental activities of \$28.5 million was financed by general revenues, which are made up of primarily property taxes of \$7.5 million and state and county aid of \$20.9 million. Investment earnings accounted for \$153,003 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$31.5 million, an increase of \$23.2 million due primarily to the issuance of school improvement bonds.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 23 percent of the total fund balance. Approximately \$5.5 million, or nearly 76 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance increased \$977,149 in the General Fund to \$7.2 million as of fiscal year end. General Fund revenues increased \$1.9 million primarily due to an increase in state aid revenue.

The fund balance in the Classroom Site Fund decreased \$6,349 to \$441,633 at year end, which was not significant.

The fund balance in the Debt Service Fund decreased \$43,059 to \$68,590 at year end, which was not significant.

The fund balance in the Bond Building Fund increased \$21,955,450 at year end primarily due to the issuance of school improvement bonds.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in enrollment. The difference between the original budget and the final amended budget was a \$1.0 million increase or four percent due to increased enrollment.

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

- The favorable variance of \$1.2 million in instruction expenditures was a result of growth in student average daily membership.
- The favorable variance of \$234,472 in student transportation services expenditures was primarily a result of reduced spending due to state wide school closures and Covid-19.
- The favorable variance of \$291,809 in support services – students and staff expenditures was a result of the District not having Summer programs due to Covid-19.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$71.9 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$1.5 million from the prior fiscal year, primarily due to building a new school site. Total depreciation expense for the year was \$1.9 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2020 and June 30, 2019.

	As of June 30, 2020	As of June 30, 2019
Capital assets - non-depreciable	\$ 7,262,647	\$ 6,110,533
Capital assets - depreciable, net	41,027,683	42,427,912
Total	\$ 48,290,330	\$ 48,538,445

The estimated cost to complete current construction projects is \$1.1 million.

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

Debt Administration. At year-end, the District had \$39.2 million in long-term debt outstanding, \$1.3 million due within one year. Long-term debt increased by \$22.0 million primarily due to the issuance of a school improvement bond.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$56.2 million and the Class B debt limit is \$37.5 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 9 and 10.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-21 budget. Among them:

- Fiscal year 2019-20 budget balance carry forward (estimated \$1.8 million).
- District student population (estimated 3,900).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased five percent to \$26.9 million in fiscal year 2020-21, due to increased student enrollment. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2020-21 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business Services Department, Liberty Elementary School District No. 25, 19871 West Fremont Road, Buckeye, Arizona 85326.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 28,580,456
Property taxes receivable	261,899
Due from governmental entities	4,978,622
Prepaid items	1,721,525
Total current assets	<u>35,542,502</u>
Noncurrent assets:	
Capital assets not being depreciated	7,262,647
Capital assets, net of accumulated depreciation	41,027,683
Total noncurrent assets	<u>48,290,330</u>
Total assets	<u><u>83,832,832</u></u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	248,889
Pension plan items	3,044,853
Total deferred outflows of resources	<u><u>3,293,742</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	319,318
Construction contracts payable	757,877
Accrued payroll and employee benefits	878,470
Compensated absences payable	116,947
Accrued interest payable	417,660
Unearned revenues	14,877
Bonds payable	1,295,000
Total current liabilities	<u>3,800,149</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	58,576,591
Total noncurrent liabilities	<u>58,576,591</u>
Total liabilities	<u><u>62,376,740</u></u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	<u>1,486,571</u>
<u>NET POSITION</u>	
Net investment in capital assets	31,262,062
Restricted	2,507,431
Unrestricted	(10,506,230)
Total net position	<u><u>\$ 23,263,263</u></u>

The notes to the basic financial statements are an integral part of this statement.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 19,645,988	\$ 117,478	\$ 1,410,892	\$ 100,150	\$ (18,017,468)
Support services - students and staff	3,134,991		473,101		(2,661,890)
Support services - administration	3,493,681		100,589		(3,393,092)
Operation and maintenance of plant services	2,536,672	85,492	3,179	240,929	(2,207,072)
Student transportation services	1,766,002		4,475		(1,761,527)
Operation of non-instructional services	1,946,430	637,112	1,243,680	95,687	30,049
Interest on long-term debt	495,636				(495,636)
Total governmental activities	<u>\$ 33,019,400</u>	<u>\$ 840,082</u>	<u>\$ 3,235,916</u>	<u>\$ 436,766</u>	<u>(28,506,636)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	5,745,942
Property taxes, levied for debt service	1,749,808
Property taxes, levied for capital outlay	121
Investment income	153,003
Unrestricted county aid	1,557,171
Unrestricted state aid	19,344,125
Unrestricted federal aid	133,934
Total general revenues	<u>28,684,104</u>

Changes in net position 177,468

Net position, beginning of year, as restated 23,085,795

Net position, end of year \$ 23,263,263

The notes to the basic financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,307,135	\$ 1,069,501	\$ 1,628,802
Property taxes receivable	221,935		39,964
Due from governmental entities	4,109,620	143,179	
Due from other funds	383,508		
Prepaid items	1,721,525		
Total assets	<u><u>\$ 7,743,723</u></u>	<u><u>\$ 1,212,680</u></u>	<u><u>\$ 1,668,766</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 235,178	\$	\$
Construction contracts payable			
Due to other funds			
Accrued payroll and employee benefits	68,232	771,047	
Unearned revenues			
Bonds payable			1,295,000
Bond interest payable			265,212
Total liabilities	<u>303,410</u>	<u>771,047</u>	<u>1,560,212</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	221,935		39,964
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	<u>221,935</u>	<u></u>	<u>39,964</u>
Fund balances (deficits):			
Nonspendable	1,721,525		
Restricted		441,633	68,590
Unassigned	5,496,853		
Total fund balances	<u>7,218,378</u>	<u>441,633</u>	<u>68,590</u>
Total liabilities, deferred inflows of resources			
and fund balances	<u><u>\$ 7,743,723</u></u>	<u><u>\$ 1,212,680</u></u>	<u><u>\$ 1,668,766</u></u>

The notes to the basic financial statements are an integral part of this statement.

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 22,713,327	\$ 1,861,691	\$ 28,580,456
		261,899
	725,823	4,978,622
		383,508
		1,721,525
<u>\$ 22,713,327</u>	<u>\$ 2,587,514</u>	<u>\$ 35,926,010</u>

\$ 757,877	\$ 84,140	\$ 319,318
		757,877
	383,508	383,508
	39,191	878,470
	14,877	14,877
		1,295,000
		265,212
<u>757,877</u>	<u>521,716</u>	<u>3,914,262</u>

		261,899
	225,683	225,683
	<u>225,683</u>	<u>487,582</u>

		1,721,525
21,955,450	2,065,798	24,531,471
	(225,683)	5,271,170
<u>21,955,450</u>	<u>1,840,115</u>	<u>31,524,166</u>

<u>\$ 22,713,327</u>	<u>\$ 2,587,514</u>	<u>\$ 35,926,010</u>
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LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total governmental fund balances	\$	31,524,166
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 71,887,554	
Less accumulated depreciation	<u>(23,597,224)</u>	48,290,330

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

Property taxes	261,899	
Intergovernmental	<u>225,683</u>	487,582

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		248,889
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	3,044,853	
Deferred inflows of resources related to pensions	<u>(1,486,571)</u>	1,558,282

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

Accrued interest payable	(152,448)	
Compensated absences payable	(193,682)	
Unamortized premium on long-term debt	(3,562,607)	
Net pension liability	(20,562,249)	
Bonds payable	<u>(34,375,000)</u>	<u>(58,845,986)</u>

Net position of governmental activities	\$	<u>23,263,263</u>
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The notes to the basic financial statements are an integral part of this statement.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
Revenues:			
Other local	\$ 2,015,632	\$ 18,501	\$ 3,639
Property taxes	5,955,679		1,732,845
State aid and grants	16,522,306	1,718,143	
Federal aid, grants and reimbursements	239,491		
Total revenues	<u>24,733,108</u>	<u>1,736,644</u>	<u>1,736,484</u>
Expenditures:			
Current -			
Instruction	14,257,492	1,709,301	
Support services - students and staff	2,559,008	33,692	
Support services - administration	3,146,269		
Operation and maintenance of plant services	2,412,644		
Student transportation services	1,516,158		
Operation of non-instructional services	41,659		
Capital outlay	93,734		
Debt service -			
Principal retirement			1,295,000
Interest and fiscal charges			532,476
Bond issuance costs			
Total expenditures	<u>24,026,964</u>	<u>1,742,993</u>	<u>1,827,476</u>
Excess (deficiency) of revenues over expenditures	<u>706,144</u>	<u>(6,349)</u>	<u>(90,992)</u>
Other financing sources (uses):			
Transfer in	92,461		47,933
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Proceeds from sale of capital assets	8,991		
Total other financing sources (uses)	<u>101,452</u>	<u></u>	<u>47,933</u>
Changes in fund balances	<u>807,596</u>	<u>(6,349)</u>	<u>(43,059)</u>
Fund balances, beginning of year, as restated	6,241,229	447,982	111,649
Increase (decrease) in reserve for prepaid items	169,553		
Fund balances, end of year	<u>\$ 7,218,378</u>	<u>\$ 441,633</u>	<u>\$ 68,590</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 47,933	\$ 1,017,375	\$ 3,103,080
	121	7,688,645
	1,317,819	19,558,268
	2,743,886	2,983,377
<u>47,933</u>	<u>5,079,201</u>	<u>33,333,370</u>
	1,102,437	17,069,230
	444,657	3,037,357
	91,859	3,238,128
	16,469	2,429,113
	5,473	1,521,631
	1,831,995	1,873,654
1,047,275	1,178,336	2,319,345
		1,295,000
		532,476
400,258		400,258
<u>1,447,533</u>	<u>4,671,226</u>	<u>33,716,192</u>
<u>(1,399,600)</u>	<u>407,975</u>	<u>(382,822)</u>
		140,394
(47,933)	(92,461)	(140,394)
20,465,000		20,465,000
2,937,983		2,937,983
		8,991
<u>23,355,050</u>	<u>(92,461)</u>	<u>23,411,974</u>
<u>21,955,450</u>	<u>315,514</u>	<u>23,029,152</u>
	1,524,601	8,325,461
		169,553
<u>\$ 21,955,450</u>	<u>\$ 1,840,115</u>	<u>\$ 31,524,166</u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Changes in fund balances - total governmental funds **\$ 23,029,152**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures.

However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 1,654,604	
Less current year depreciation	<u>(1,895,250)</u>	(240,646)

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(23,402,983)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(192,774)	
Intergovernmental	<u>47,281</u>	(145,493)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		1,295,000
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Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	1,920,606	
Pension expense	<u>(2,444,222)</u>	(523,616)

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

Prepaid items	169,553	
Accrued interest	(152,448)	
Deferred charges on issuance of debt	(27,655)	
Loss on disposal of assets	(7,469)	
Amortization of deferred bond items	216,943	
Compensated absences	<u>(32,870)</u>	<u>166,054</u>

Changes in net position in governmental activities **\$ 177,468**

The notes to the basic financial statements are an integral part of this statement.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Liberty Elementary School District No. 25 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2020, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes, and provides guidance as to how those activities should be reported. Student Activities and employee withholding account reported in the prior year as fiduciary activities do not meet these new fiduciary activities criteria and have been reclassified as special revenue governmental funds and the General Fund. Beginning balances of the governmental funds and governmental activities have been restated by \$181,452 accordingly.

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

A. Reporting Entity

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

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

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

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

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

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

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

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting..

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

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

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

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

The District reports the following major governmental funds:

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

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

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Cash and Investments

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

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

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable 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.

E. Investment Income

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

H. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

I. Capital Assets

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5 - 50 years
Buildings and improvements	7 - 50 years
Vehicles, furniture and equipment	5 - 30 years

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

K. Compensated Absences

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

L. Pensions

For purposes of measuring the net pension liability, related deferred outflows of resources and deferred inflows of resources, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Long-term Obligations

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

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

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

O. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

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

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

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

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	General Fund	Classroom Site Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 1,721,525	\$	\$	\$	\$
Restricted:					
Debt service			68,590		
Capital projects					164,679
Bond building projects				21,955,450	
Voter approved initiatives		441,633			279,509
Federal and state projects					125,195
Food service					499,362
Civic center					642,066
Community school					82,278
Extracurricular activities					196,504
Student activities					69,923
Other purposes					6,282
Unassigned	5,496,853				(225,683)
Total fund balances	<u>\$ 7,218,378</u>	<u>\$ 441,633</u>	<u>\$ 68,590</u>	<u>\$ 21,955,450</u>	<u>\$ 1,840,115</u>

NOTE 3 – RESTRICTED NET POSITION

The table below provides detail of the major components of the District's restricted net position at year end.

	Governmental Activities
Restricted Net Position:	
Capital projects	\$ 164,679
Voter approved initiatives	721,142
Federal and state projects	125,195
Food service	499,362
Civic center	642,066
Community school	82,278
Extracurricular activities	196,504
Other purposes	76,205
Total	<u>\$ 2,507,431</u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the following individual non-major governmental funds reported deficits in fund balance.

	<u>Deficit</u>
Non-Major Governmental Funds:	
Title I Grants Fund	\$ 60,796
Professional Development and Technology Grants Fund	2,830
Title IV Grants	234
Limited English and Immigrant Students Fund	20,217
Special Education Grants Fund	141,606

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2020-21 are expected to eliminate the deficits.

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

NOTE 5 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$117,592 and the bank balance was \$256,370. At year end, \$6,370 of the District's deposits were covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name.

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

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – CASH AND INVESTMENTS

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	313 days	\$ 28,462,864

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

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

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

NOTE 6 – RECEIVABLES

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

	<u>General Fund</u>	<u>Classroom Site Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:			
Due from federal government	\$ 6,787	\$	\$ 401,521
Due from state government	4,102,833	143,179	324,302
Net due from governmental entities	<u>\$ 4,109,620</u>	<u>\$ 143,179</u>	<u>\$ 725,823</u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,100,034	\$	\$	\$ 6,100,034
Construction in progress	10,499	1,152,114		1,162,613
Total capital assets, not being depreciated	6,110,533	1,152,114		7,262,647
Capital assets, being depreciated:				
Land improvements	4,258,592			4,258,592
Buildings and improvements	53,658,063	27,909		53,685,972
Vehicles, furniture and equipment	6,325,962	474,581	120,200	6,680,343
Total capital assets being depreciated	64,242,617	502,490	120,200	64,624,907
Less accumulated depreciation for:				
Land improvements	(1,952,837)	(151,470)		(2,104,307)
Buildings and improvements	(15,846,844)	(1,346,960)		(17,193,804)
Vehicles, furniture and equipment	(4,015,024)	(396,820)	(112,731)	(4,299,113)
Total accumulated depreciation	(21,814,705)	(1,895,250)	(112,731)	(23,597,224)
Total capital assets, being depreciated, net	42,427,912	(1,392,760)	7,469	41,027,683
Governmental activities capital assets, net	48,538,445	\$ (240,646)	\$ 7,469	\$ 48,290,330

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,581,951
Support services – students and staff	4,110
Support services – administration	66,941
Operation and maintenance of plant services	39,656
Student transportation services	177,849
Operation of non-instructional services	24,743
Total depreciation expense – governmental activities	<u>\$ 1,895,250</u>

Construction Commitments – At year end, the District had contractual commitments related to the building of School #7. At year end, the District had spent \$1,162,613 on the project and had estimated remaining contractual commitments of \$1,133,680. The project is being funded by the Bond Building Fund.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

The District has a \$3.0 million revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$3.0 million in unused line of credit. Short-term debt activity for the current fiscal year was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	\$ 445,000	\$ 429,000	\$ 874,000	\$

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$26,750,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District's legal debt limit is \$56.2 million and the available margin is \$19.3 million.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2020	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2004, Series C (2010)	\$ 3,390,000	4.00%	7/1/20	\$ 195,000	\$ 195,000
School Improvement Bonds, Project of 2013, Series A	12,525,000	2.0-4.0%	7/1/20-34	10,060,000	535,000
School Improvement Bonds, Project of 2013, Series B	2,475,000	3.00%	7/1/20-31	1,550,000	50,000
Refunding Bonds, Series 2016	4,455,000	3.0-4.0%	7/1/20-29	3,400,000	515,000
School Improvement Bonds, Project of 2019, Series A (2020)	20,465,000	5.00%	7/1/21-39	20,465,000	
Total				<u>\$ 35,670,000</u>	<u>\$ 1,295,000</u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2021	\$ 1,295,000	\$ 1,122,491
2022	2,095,000	1,369,429
2023	2,260,000	1,288,200
2024	2,245,000	1,200,488
2025	910,000	1,135,575
2026-30	7,390,000	5,000,275
2031-35	11,085,000	2,829,262
2036-40	8,390,000	877,200
Total	<u>\$ 35,670,000</u>	<u>\$ 14,822,920</u>

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$1.9 million of defeased bonds are still outstanding.

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 16,420,000	\$ 20,465,000	\$ 1,215,000	\$ 35,670,000	\$ 1,295,000
Premium	841,567	2,937,983	216,943	3,562,607	
Total bonds payable	<u>17,261,567</u>	<u>23,402,983</u>	<u>1,431,943</u>	<u>39,232,607</u>	<u>1,295,000</u>
Net pension liability	19,925,337	636,912		20,562,249	
Compensated absences payable	160,812	236,634	203,764	193,682	116,947
Governmental activity long-term liabilities	<u>\$ 37,347,716</u>	<u>\$ 24,276,529</u>	<u>\$ 1,635,707</u>	<u>\$ 59,988,538</u>	<u>\$ 1,411,947</u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds – At year end, several non-major governmental funds had negative cash balances of \$383,508 in the Treasurer’s pooled cash account. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers – Transfers between funds were used to (1) move federal grant funds of \$92,461 restricted for indirect costs and (2) move investment income of \$47,933 earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund.

NOTE 12 – CONTINGENT LIABILITIES

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

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

NOTE 13 – RISK MANAGEMENT

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 – RISK MANAGEMENT

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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

The District continues to carry commercial insurance for employee dental and vision insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 – PENSIONS

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 – PENSIONS

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

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

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2020 were \$1,920,606.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 – PENSIONS

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability). ACR contributions are included in employer contributions presented above.

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

Pension Liability. The net pension liability was measured as of June 30, 2019. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The District's proportion of the net liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2019.

At June 30, 2020, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2019, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2018 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 20,562,249	0.141	(0.002)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District's pension expense for the year ended June 30, 2020 was \$2,444,222.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 – PENSIONS

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 371,462	\$ 3,866
Changes of assumptions or other inputs	86,917	818,829
Net difference between projected and actual earnings on pension investments		462,168
Changes in proportion and differences between contributions and proportionate share of contributions	665,868	201,708
Contributions subsequent to the measurement date	1,920,606	
Total	<u>\$ 3,044,853</u>	<u>\$ 1,486,571</u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2021	\$ 223,077
2022	(620,426)
2023	(88,756)
2024	123,781

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 – PENSIONS

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Inflation	2.3%
Projected salary increases	2.7-7.2%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

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

On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.09%
Credit	20	5.36
Interest rate sensitive bonds	10	1.62
Real estate	20	5.85
Total	<u>100%</u>	

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 – PENSIONS

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.5%	7.5%	8.5%
Net liability	\$ 29,264,843	\$ 20,562,249	\$ 13,289,120

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

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REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues:				
Other local	\$	\$	\$ 1,481,737	\$ 1,481,737
Property taxes			5,955,679	5,955,679
State aid and grants			16,522,306	16,522,306
Total revenues			<u>23,959,722</u>	<u>23,959,722</u>
Expenditures:				
Current -				
Instruction	14,195,746	15,051,143	13,886,535	1,164,608
Support services - students and staff	2,929,466	2,813,062	2,521,253	291,809
Support services - administration	2,999,682	3,228,682	2,936,517	292,165
Operation and maintenance of plant services	2,576,540	2,631,540	2,718,311	(86,771)
Student transportation services	1,724,002	1,724,002	1,489,529	234,473
Operation of non-instructional services	42,000	42,000	41,659	341
Total expenditures	<u>24,467,436</u>	<u>25,490,429</u>	<u>23,593,804</u>	<u>1,896,625</u>
Changes in fund balances	<u>(24,467,436)</u>	<u>(25,490,429)</u>	<u>365,918</u>	<u>25,856,347</u>
Fund balances, beginning of year, as restated			3,667,402	3,667,402
Increase (decrease) in reserve for prepaid items			881,606	881,606
Fund balances (deficits), end of year	<u>\$ (24,467,436)</u>	<u>\$ (25,490,429)</u>	<u>\$ 4,914,926</u>	<u>\$ 30,405,355</u>

See accompanying notes to this schedule.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other local	\$	\$	\$ 18,501	\$ 18,501
State aid and grants			1,718,143	1,718,143
Total revenues			<u>1,736,644</u>	<u>1,736,644</u>
Expenditures:				
Current -				
Instruction	2,000,237	2,029,932	1,709,301	320,631
Support services - students and staff	33,600	55,662	33,692	21,970
Total expenditures	<u>2,033,837</u>	<u>2,085,594</u>	<u>1,742,993</u>	<u>342,601</u>
Changes in fund balances	<u>(2,033,837)</u>	<u>(2,085,594)</u>	<u>(6,349)</u>	<u>2,079,245</u>
Fund balances, beginning of year			447,982	447,982
Fund balances (deficits), end of year	<u>\$ (2,033,837)</u>	<u>\$ (2,085,594)</u>	<u>\$ 441,633</u>	<u>\$ 2,527,227</u>

See accompanying notes to this schedule.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension (assets) liability	0.14%	0.14%	0.13%	0.13%
District's proportionate share of the net pension (assets) liability	\$ 20,562,249	\$ 19,925,337	\$ 20,274,833	\$ 21,772,601
District's covered payroll	\$ 15,495,492	\$ 13,721,037	\$ 12,694,518	\$ 12,689,272
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	132.70%	145.22%	159.71%	171.58%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%

SCHEDULE OF PENSION CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,920,606	\$ 1,732,396	\$ 1,495,593	\$ 1,368,469
Contributions in relation to the actuarially determined contribution	<u>1,920,606</u>	<u>1,732,396</u>	<u>1,495,593</u>	<u>1,368,469</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 16,773,852	\$ 15,495,492	\$ 13,721,037	\$ 12,694,518
Contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%

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

See accompanying notes to this schedule.

<u>2016</u>	<u>2015</u>
June 30, 2015	June 30, 2014
0.14%	0.15%
\$ 22,339,640	\$ 21,845,582
\$ 13,208,871	\$ 13,313,775
169.13%	164.08%
68.35%	69.49%

<u>2016</u>	<u>2015</u>
\$ 1,376,786	\$ 1,438,446
<u>1,376,786</u>	<u>1,438,446</u>
<u>\$</u>	<u>\$</u>
\$ 12,689,272	\$ 13,208,871
10.85%	10.89%

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$ 24,026,964	\$7,218,378
Activity budgeted as special revenue funds	(539,566)	(2,043,001)
Current-year prepaid items	712,053	
Prior-year prepaid items	(579,428)	
Employee insurance account	<u>(26,219)</u>	<u>(260,451)</u>
Schedule of Revenues, Expenditures and Changes in		
Fund Balances – Budget and Actual – General Fund	<u>\$ 23,593,804</u>	<u>\$ 4,914,926</u>

NOTE 2 – PENSION PLAN SCHEDULES

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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GOVERNMENTAL FUNDS

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2020

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,750,166	\$ 111,525	\$ 1,861,691
Due from governmental entities	486,905	238,918	725,823
Total assets	<u><u>\$ 2,237,071</u></u>	<u><u>\$ 350,443</u></u>	<u><u>\$ 2,587,514</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 42,166	\$ 41,974	\$ 84,140
Due to other funds	239,718	143,790	383,508
Accrued payroll and employee benefits	39,191		39,191
Unearned revenues	14,877		14,877
Total liabilities	<u>335,952</u>	<u>185,764</u>	<u>521,716</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>225,683</u>		<u>225,683</u>
Fund balances (deficits):			
Restricted	1,901,119	164,679	2,065,798
Unassigned	<u>(225,683)</u>		<u>(225,683)</u>
Total fund balances	<u>1,675,436</u>	<u>164,679</u>	<u>1,840,115</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,237,071</u></u>	<u><u>\$ 350,443</u></u>	<u><u>\$ 2,587,514</u></u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2020

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 916,418	\$ 100,957	\$ 1,017,375
Property taxes		121	121
State aid and grants	284,818	1,033,001	1,317,819
Federal aid, grants and reimbursements	<u>2,743,886</u>		<u>2,743,886</u>
Total revenues	<u>3,945,122</u>	<u>1,134,079</u>	<u>5,079,201</u>
Expenditures:			
Current -			
Instruction	1,102,437		1,102,437
Support services - students and staff	444,657		444,657
Support services - administration	91,859		91,859
Operation and maintenance of plant services	16,469		16,469
Student transportation services	5,473		5,473
Operation of non-instructional services	1,831,995		1,831,995
Capital outlay	<u>110,933</u>	<u>1,067,403</u>	<u>1,178,336</u>
Total expenditures	<u>3,603,823</u>	<u>1,067,403</u>	<u>4,671,226</u>
Excess (deficiency) of revenues over expenditures	<u>341,299</u>	<u>66,676</u>	<u>407,975</u>
Other financing sources (uses):			
Transfer out	<u>(92,461)</u>		<u>(92,461)</u>
Total other financing sources (uses)	<u>(92,461)</u>		<u>(92,461)</u>
Changes in fund balances	<u>248,838</u>	<u>66,676</u>	<u>315,514</u>
Fund balances, beginning of year, as restated	1,426,598	98,003	1,524,601
Fund balances, end of year	<u><u>\$ 1,675,436</u></u>	<u><u>\$ 164,679</u></u>	<u><u>\$ 1,840,115</u></u>

SPECIAL REVENUE FUNDS

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

Title I Grants - to account for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging state academic standards.

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

Medicaid Reimbursement - to account for reimbursements related to specific health services provided to eligible students.

E-Rate - to account for financial assistance received for broadband internet and telecommunication costs.

Other Federal Projects - to account for financial assistance received for other supplemental federal projects.

Gifted - to account for financial assistance received for programs for gifted students.

Results-based Funding - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

Other State Projects – to account for financial assistance received for other state projects.

School Plant - to account for proceeds from the sale or lease of school property.

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

Civic Center - to account for monies received from the rental of school facilities for civic activities.

Community School - to account for activity related to academic and skill development for all citizens.

Auxiliary Operations - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

Extracurricular Activities Fees Tax Credit - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

Gifts and Donations - to account for activity related to gifts, donations, bequests and private grants made to the District.

Fingerprint - to account for activity of fingerprinting employees as mandated by the State.

Insurance Proceeds - to account for the monies received from insurance claims.

Textbooks - to account for monies received from students to replace or repair lost or damaged textbooks.

Litigation Recovery - to account for monies received for and derived from litigation.

Indirect Costs - to account for monies received from federal projects for administrative costs.

Student Activities - to account for monies raised by students to finance student clubs and organizations.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
<u>ASSETS</u>			
Cash and investments	\$ 194,125	\$	\$
Due from governmental entities	85,384	61,705	49,193
Total assets	<u>\$ 279,509</u>	<u>\$ 61,705</u>	<u>\$ 49,193</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 7,857	\$
Due to other funds		48,135	49,193
Accrued payroll and employee benefits		5,713	
Unearned revenues			
Total liabilities		<u>61,705</u>	<u>49,193</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		<u>60,796</u>	<u>2,830</u>
Fund balances (deficits):			
Restricted	279,509		
Unassigned		(60,796)	(2,830)
Total fund balances	<u>279,509</u>	<u>(60,796)</u>	<u>(2,830)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 279,509</u>	<u>\$ 61,705</u>	<u>\$ 49,193</u>

<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>Results-based Funding</u>	<u>Other State Projects</u>	<u>Food Service</u>
\$	\$	\$	\$	\$	\$
234	20,217	141,606	125,195	14,877	409,848
<u>\$ 234</u>	<u>\$ 20,217</u>	<u>\$ 141,606</u>	<u>\$ 125,195</u>	<u>\$ 14,877</u>	<u>\$ 538,414</u>
\$	\$	\$	\$	\$	\$
234	20,217	121,939			32,010
		19,667			7,042
<u>234</u>	<u>20,217</u>	<u>141,606</u>	<u></u>	<u>14,877</u>	<u></u>
				<u>14,877</u>	<u>39,052</u>
<u>234</u>	<u>20,217</u>	<u>141,606</u>	<u></u>	<u></u>	<u></u>
			125,195		499,362
<u>(234)</u>	<u>(20,217)</u>	<u>(141,606)</u>	<u></u>	<u></u>	<u></u>
<u>(234)</u>	<u>(20,217)</u>	<u>(141,606)</u>	<u>125,195</u>	<u></u>	<u>499,362</u>
<u>\$ 234</u>	<u>\$ 20,217</u>	<u>\$ 141,606</u>	<u>\$ 125,195</u>	<u>\$ 14,877</u>	<u>\$ 538,414</u>

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>
<u>ASSETS</u>			
Cash and investments	\$ 642,066	\$ 91,346	\$ 196,504
Due from governmental entities			
Total assets	<u>\$ 642,066</u>	<u>\$ 91,346</u>	<u>\$ 196,504</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 2,299	\$
Due to other funds			
Accrued payroll and employee benefits		6,769	
Unearned revenues			
Total liabilities	<u></u>	<u>9,068</u>	<u></u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	642,066	82,278	196,504
Unassigned			
Total fund balances	<u>642,066</u>	<u>82,278</u>	<u>196,504</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 642,066</u>	<u>\$ 91,346</u>	<u>\$ 196,504</u>

<u>Textbooks</u>	<u>Litigation Recovery</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 5,510	\$ 772	\$ 69,923	\$ 1,750,166
			486,905
<u>\$ 5,510</u>	<u>\$ 772</u>	<u>\$ 69,923</u>	<u>\$ 2,237,071</u>
\$	\$	\$	\$ 42,166
			239,718
			39,191
			14,877
			<u>335,952</u>
			<u>225,683</u>
5,510	772	69,923	1,901,119
			(225,683)
<u>5,510</u>	<u>772</u>	<u>69,923</u>	<u>1,675,436</u>
<u>\$ 5,510</u>	<u>\$ 772</u>	<u>\$ 69,923</u>	<u>\$ 2,237,071</u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 4,615	\$	\$
State aid and grants	156,394		
Federal aid, grants and reimbursements		773,068	72,644
Total revenues	<u>161,009</u>	<u>773,068</u>	<u>72,644</u>
Expenditures:			
Current -			
Instruction	129,580	358,952	36,607
Support services - students and staff	14,659	201,870	30,489
Support services - administration		91,425	
Operation and maintenance of plant services			
Student transportation services		2,889	
Operation of non-instructional services		4,067	
Capital outlay		8,540	
Total expenditures	<u>144,239</u>	<u>667,743</u>	<u>67,096</u>
Excess (deficiency) of revenues over expenditures	<u>16,770</u>	<u>105,325</u>	<u>5,548</u>
Other financing sources (uses):			
Transfer out		(8,138)	(794)
Total other financing sources (uses)		<u>(8,138)</u>	<u>(794)</u>
Changes in fund balances	<u>16,770</u>	<u>97,187</u>	<u>4,754</u>
Fund balances (deficits), beginning of year, as restated	262,739	(157,983)	(7,584)
Fund balances (deficits), end of year	<u>\$ 279,509</u>	<u>\$ (60,796)</u>	<u>\$ (2,830)</u>

<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>Gifted</u>	<u>Results-based Funding</u>	<u>Other State Projects</u>
\$	\$	\$	\$	\$	\$
			3,228	125,195	1
28,458	19,461	510,888			
28,458	19,461	510,888	3,228	125,195	1
	9,913	489,285			1
28,339	28,539	137,533	3,228		
		5,891			
28,339	38,452	632,709	3,228		1
119	(18,991)	(121,821)		125,195	
(353)	(491)	(7,685)			
(353)	(491)	(7,685)			
(234)	(19,482)	(129,506)		125,195	
	(735)	(12,100)			
\$ (234)	\$ (20,217)	\$ (141,606)	\$	\$ 125,195	\$

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
Revenues:			
Other local	\$ 349,519	\$ 96,716	\$ 300,147
State aid and grants			
Federal aid, grants and reimbursements	1,339,367		
Total revenues	<u>1,688,886</u>	<u>96,716</u>	<u>300,147</u>
Expenditures:			
Current -			
Instruction		45	
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		16,469	
Student transportation services			2,584
Operation of non-instructional services	1,424,223		403,705
Capital outlay	95,687	20	391
Total expenditures	<u>1,519,910</u>	<u>16,534</u>	<u>406,680</u>
Excess (deficiency) of revenues over expenditures	<u>168,976</u>	<u>80,182</u>	<u>(106,533)</u>
Other financing sources (uses):			
Transfer out	(75,000)		
Total other financing sources (uses)	<u>(75,000)</u>		
Changes in fund balances	<u>93,976</u>	<u>80,182</u>	<u>(106,533)</u>
Fund balances (deficits), beginning of year, as restated	405,386	561,884	188,811
Fund balances, end of year	<u>\$ 499,362</u>	<u>\$ 642,066</u>	<u>\$ 82,278</u>

Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Litigation Recovery	Student Activities	Totals
\$ 107,835	\$ 110	\$ 187	\$ 263	\$ 57,026	\$ 916,418
					284,818
					2,743,886
<u>107,835</u>	<u>110</u>	<u>187</u>	<u>263</u>	<u>57,026</u>	<u>3,945,122</u>
41,926				36,128	1,102,437
	434				444,657
					91,859
					16,469
					5,473
					1,831,995
				404	110,933
<u>41,926</u>	<u>434</u>			<u>36,532</u>	<u>3,603,823</u>
<u>65,909</u>	<u>(324)</u>	<u>187</u>	<u>263</u>	<u>20,494</u>	<u>341,299</u>
					(92,461)
					(92,461)
<u>65,909</u>	<u>(324)</u>	<u>187</u>	<u>263</u>	<u>20,494</u>	<u>248,838</u>
130,595	324	5,323	509	49,429	1,426,598
<u>\$ 196,504</u>	<u>\$</u>	<u>\$ 5,510</u>	<u>\$ 772</u>	<u>\$ 69,923</u>	<u>\$ 1,675,436</u>

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Instructional Improvement		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 4,615	\$ 4,615
State aid and grants		156,394	156,394
Federal aid, grants and reimbursements			
Total revenues		<u>161,009</u>	<u>161,009</u>
Expenditures:			
Current -			
Instruction	175,000	129,580	45,420
Support services - students and staff		14,659	(14,659)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>175,000</u>	<u>144,239</u>	<u>30,761</u>
Excess (deficiency) of revenues over expenditures	<u>(175,000)</u>	<u>16,770</u>	<u>191,770</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	<u>(175,000)</u>	<u>16,770</u>	<u>191,770</u>
Fund balances (deficits), beginning of year, as restated		262,739	262,739
Fund balances (deficits), end of year	<u>\$ (175,000)</u>	<u>\$ 279,509</u>	<u>\$ 454,509</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	773,068	773,068		72,644	72,644
	773,068	773,068		72,644	72,644
861,224	358,952	502,272	94,710	36,607	58,103
	201,870	(201,870)		30,489	(30,489)
	91,425	(91,425)			
	2,889	(2,889)			
	4,067	(4,067)			
	8,540	(8,540)			
861,224	667,743	193,481	94,710	67,096	27,614
(861,224)	105,325	966,549	(94,710)	5,548	100,258
	(8,138)	(8,138)		(794)	(794)
	(8,138)	(8,138)		(794)	(794)
(861,224)	97,187	958,411	(94,710)	4,754	99,464
	(157,983)	(157,983)		(7,584)	(7,584)
\$ (861,224)	\$ (60,796)	\$ 800,428	\$ (94,710)	\$ (2,830)	\$ 91,880

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Title IV Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		28,458	28,458
Total revenues		<u>28,458</u>	<u>28,458</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	28,789	28,339	450
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>28,789</u>	<u>28,339</u>	<u>450</u>
Excess (deficiency) of revenues over expenditures	<u>(28,789)</u>	<u>119</u>	<u>28,908</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(353)	(353)
Proceeds from sale of capital assets			
Total other financing sources (uses)		<u>(353)</u>	<u>(353)</u>
Changes in fund balances	<u>(28,789)</u>	<u>(234)</u>	<u>28,555</u>
Fund balances (deficits), beginning of year, as restated			
Fund balances (deficits), end of year	<u>\$ (28,789)</u>	<u>\$ (234)</u>	<u>\$ 28,555</u>

Limited English and Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	19,461	19,461		510,888	510,888
	19,461	19,461		510,888	510,888
52,518	9,913	42,605	732,265	489,285	242,980
	28,539	(28,539)		137,533	(137,533)
				5,891	(5,891)
52,518	38,452	14,066	732,265	632,709	99,556
(52,518)	(18,991)	33,527	(732,265)	(121,821)	610,444
	(491)	(491)		(7,685)	(7,685)
	(491)	(491)		(7,685)	(7,685)
(52,518)	(19,482)	33,036	(732,265)	(129,506)	602,759
	(735)	(735)		(12,100)	(12,100)
\$ (52,518)	\$ (20,217)	\$ 32,301	\$ (732,265)	\$ (141,606)	\$ 590,659

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 4,599	\$ 4,599
State aid and grants			
Federal aid, grants and reimbursements		133,934	133,934
Total revenues		<u>138,533</u>	<u>138,533</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	450,000	15,270	434,730
Support services - administration		500	(500)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>450,000</u>	<u>15,770</u>	<u>434,230</u>
Excess (deficiency) of revenues over expenditures	<u>(450,000)</u>	<u>122,763</u>	<u>572,763</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	<u>(450,000)</u>	<u>122,763</u>	<u>572,763</u>
Fund balances (deficits), beginning of year, as restated		482,810	482,810
Fund balances (deficits), end of year	<u>\$ (450,000)</u>	<u>\$ 605,573</u>	<u>\$ 1,055,573</u>

[illegible]

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Gifted		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		3,228	3,228
Federal aid, grants and reimbursements			
Total revenues		<u>3,228</u>	<u>3,228</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	3,227	3,228	(1)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>3,227</u>	<u>3,228</u>	<u>(1)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,227)</u>		<u>3,227</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	<u>(3,227)</u>		<u>3,227</u>
Fund balances (deficits), beginning of year, as restated			
Fund balances (deficits), end of year	<u>\$ (3,227)</u>	<u>\$</u>	<u>\$ 3,227</u>

Results-based Funding			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	125,195	125,195		1	1
	125,195	125,195		1	1
124,410		124,410		1	(1)
124,410		124,410		1	(1)
(124,410)	125,195	249,605			
(124,410)	125,195	249,605			
\$ (124,410)	\$ 125,195	\$ 249,605	\$	\$	\$

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	School Plant		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 572	\$ 572
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>572</u>	<u>572</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		<u>572</u>	<u>572</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets		8,991	8,991
Total other financing sources (uses)		<u>8,991</u>	<u>8,991</u>
Changes in fund balances		<u>9,563</u>	<u>9,563</u>
Fund balances (deficits), beginning of year, as restated		27,073	27,073
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 36,636</u>	<u>\$ 36,636</u>

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 349,519	\$ 349,519	\$	\$ 96,716	\$ 96,716
	1,339,367	1,339,367			
	1,688,886	1,688,886		96,716	96,716
				45	(45)
			450,000	16,469	433,531
1,689,133	1,424,223	264,910			
	95,687	(95,687)		20	(20)
1,689,133	1,519,910	169,223	450,000	16,534	433,466
(1,689,133)	168,976	1,858,109	(450,000)	80,182	530,182
	(75,000)	(75,000)			
	(75,000)	(75,000)			
(1,689,133)	93,976	1,783,109	(450,000)	80,182	530,182
	405,386	405,386		561,884	561,884
\$ (1,689,133)	\$ 499,362	\$ 2,188,495	\$ (450,000)	\$ 642,066	\$ 1,092,066

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Community School		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 300,147	\$ 300,147
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>300,147</u>	<u>300,147</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		2,584	(2,584)
Operation of non-instructional services	440,000	403,705	36,295
Capital outlay		391	(391)
Total expenditures	<u>440,000</u>	<u>406,680</u>	<u>33,320</u>
Excess (deficiency) of revenues over expenditures	<u>(440,000)</u>	<u>(106,533)</u>	<u>333,467</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	<u>(440,000)</u>	<u>(106,533)</u>	<u>333,467</u>
Fund balances (deficits), beginning of year, as restated		188,811	188,811
Fund balances (deficits), end of year	<u>\$ (440,000)</u>	<u>\$ 82,278</u>	<u>\$ 522,278</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 244,391	\$ 244,391	\$	\$ 107,835	\$ 107,835
	244,391	244,391		107,835	107,835
425,000	199,958	225,042	130,000	41,926	88,074
	592	(592)			
	13,837	(13,837)			
	2,333	(2,333)			
425,000	216,720	208,280	130,000	41,926	88,074
(425,000)	27,671	452,671	(130,000)	65,909	195,909
(425,000)	27,671	452,671	(130,000)	65,909	195,909
	124,492	124,492		130,595	130,595
\$ (425,000)	\$ 152,163	\$ 577,163	\$ (130,000)	\$ 196,504	\$ 326,504

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Gifts and Donations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 223,301	\$ 223,301
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>223,301</u>	<u>223,301</u>
Expenditures:			
Current -			
Instruction	125,000	33,999	91,001
Support services - students and staff		3,893	(3,893)
Support services - administration		1,253	(1,253)
Operation and maintenance of plant services		1,000	(1,000)
Student transportation services			
Operation of non-instructional services			
Capital outlay		47,554	(47,554)
Total expenditures	<u>125,000</u>	<u>87,699</u>	<u>37,301</u>
Excess (deficiency) of revenues over expenditures	<u>(125,000)</u>	<u>135,602</u>	<u>260,602</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	<u>(125,000)</u>	<u>135,602</u>	<u>260,602</u>
Fund balances (deficits), beginning of year, as restated		323,406	323,406
Fund balances (deficits), end of year	<u>\$ (125,000)</u>	<u>\$ 459,008</u>	<u>\$ 584,008</u>

Fingerprint			Insurance Proceeds		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 110	\$ 110	\$	\$ 47,366	\$ 47,366
	110	110		47,366	47,366
6,000	434	5,566	60,000	8,346 6,237	51,654 (6,237)
6,000	434	5,566	60,000	14,583	45,417
(6,000)	(324)	5,676	(60,000)	32,783	92,783
(6,000)	(324)	5,676	(60,000)	32,783	92,783
	324	324		13,178	13,178
\$ (6,000)	\$	\$ 6,000	\$ (60,000)	\$ 45,961	\$ 105,961

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Textbooks		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 187	\$ 187
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		187	187
Expenditures:			
Current -			
Instruction	5,900		5,900
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	5,900		5,900
Excess (deficiency) of revenues over expenditures	(5,900)	187	6,087
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	(5,900)	187	6,087
Fund balances (deficits), beginning of year, as restated		5,323	5,323
Fund balances (deficits), end of year	\$ (5,900)	\$ 5,510	\$ 11,410

Litigation Recovery			Indirect Costs		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 263	\$ 263	\$	\$ 3,287	\$ 3,287
	263	263		3,287	3,287
25,000		25,000			
			200,000	55,964 20,004	144,036 (20,004)
25,000		25,000	200,000	75,968	124,032
(25,000)	263	25,263	(200,000)	(72,681)	127,319
				92,461	92,461
				92,461	92,461
(25,000)	263	25,263	(200,000)	19,780	219,780
	509	509		197,470	197,470
\$ (25,000)	\$ 772	\$ 25,772	\$ (200,000)	\$ 217,250	\$ 417,250

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	Student Activities		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 57,026	\$ 57,026
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>57,026</u>	<u>57,026</u>
Expenditures:			
Current -			
Instruction	120,000	36,128	83,872
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		404	(404)
Total expenditures	<u>120,000</u>	<u>36,532</u>	<u>83,468</u>
Excess (deficiency) of revenues over expenditures	<u>(120,000)</u>	<u>20,494</u>	<u>140,494</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	<u>(120,000)</u>	<u>20,494</u>	<u>140,494</u>
Fund balances (deficits), beginning of year, as restated		49,429	49,429
Fund balances (deficits), end of year	<u>\$ (120,000)</u>	<u>\$ 69,923</u>	<u>\$ 189,923</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1,450,313	\$ 1,450,313
	284,818	284,818
	2,983,377	2,983,377
	4,718,508	4,718,508
3,320,580	1,336,394	1,984,186
482,016	464,412	17,604
706,000	248,392	457,608
510,000	45,819	464,181
	11,710	(11,710)
2,129,133	1,831,995	297,138
	204,667	(204,667)
7,147,729	4,143,389	3,004,340
(7,147,729)	575,119	7,722,848
	92,461	92,461
	(92,461)	(92,461)
	8,991	8,991
	8,991	8,991
(7,147,729)	584,110	7,731,839
	3,134,327	3,134,327
\$ (7,147,729)	\$ 3,718,437	\$ 10,866,166

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DEBT SERVICE FUND

Debt Service - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020

	Debt Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 3,639	\$ 3,639
Property taxes		1,732,845	1,732,845
Total revenues		<u>1,736,484</u>	<u>1,736,484</u>
Expenditures:			
Debt service -			
Principal retirement	1,295,000	1,295,000	
Interest and fiscal charges	548,050	532,476	15,574
Total expenditures	<u>1,843,050</u>	<u>1,827,476</u>	<u>15,574</u>
Excess (deficiency) of revenues over expenditures	<u>(1,843,050)</u>	<u>(90,992)</u>	<u>1,752,058</u>
Other financing sources (uses):			
Transfer in		47,933	47,933
Total other financing sources (uses)		<u>47,933</u>	<u>47,933</u>
Changes in fund balances	<u>(1,843,050)</u>	<u>(43,059)</u>	<u>1,799,991</u>
Fund balances, beginning of year		111,649	111,649
Fund balances (deficits), end of year	<u>\$ (1,843,050)</u>	<u>\$ 68,590</u>	<u>\$ 1,911,640</u>

CAPITAL PROJECTS FUNDS

Unrestricted Capital Outlay - to account for transactions relating to the acquisition of capital items.

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

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

Gifts and Donations - Capital - to account for gifts and donations to be expended for capital acquisitions.

Building Renewal Grant - to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

New School Facilities - to account for monies received from the School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Building Renewal Grant</u>
<u>ASSETS</u>			
Cash and investments	\$	\$ 109,355	\$ 2,170
Due from governmental entities	238,918		
Total assets	<u>\$ 238,918</u>	<u>\$ 109,355</u>	<u>\$ 2,170</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 39,804	\$	\$ 2,170
Due to other funds	143,790		
Total liabilities	<u>183,594</u>	<u></u>	<u>2,170</u>
Fund balances:			
Restricted	55,324	109,355	
Total fund balances	<u>55,324</u>	<u>109,355</u>	<u></u>
Total liabilities and fund balances	<u>\$ 238,918</u>	<u>\$ 109,355</u>	<u>\$ 2,170</u>

Totals	
\$	111,525
	238,918
\$	350,443

\$	41,974
	143,790
	185,764

	164,679
	164,679
\$	350,443

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2020

	Unrestricted Capital Outlay	Adjacent Ways	Building Renewal Grant
Revenues:			
Other local	\$ 98,889	\$ 2,068	\$
Property taxes	93	28	
State aid and grants	947,282		85,719
Total revenues	<u>1,046,264</u>	<u>2,096</u>	<u>85,719</u>
Expenditures:			
Capital outlay	990,942		75,391
Total expenditures	<u>990,942</u>		<u>75,391</u>
Changes in fund balances	<u>55,322</u>	<u>2,096</u>	<u>10,328</u>
Fund balances (deficits), beginning of year	2	107,259	(10,328)
Fund balances, end of year	<u>\$ 55,324</u>	<u>\$ 109,355</u>	<u>\$</u>

New School Facilities	Totals
\$	\$ 100,957
	121
	1,033,001
	1,134,079
1,070	1,067,403
1,070	1,067,403
(1,070)	66,676
1,070	98,003
\$	\$ 164,679

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2020

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 98,889	\$ 98,889
Property taxes		93	93
State aid and grants		947,282	947,282
Total revenues		<u>1,046,264</u>	<u>1,046,264</u>
Expenditures:			
Capital outlay	1,046,173	990,942	55,231
Debt service -			
Bond issuance costs			
Total expenditures	<u>1,046,173</u>	<u>990,942</u>	<u>55,231</u>
Excess (deficiency) of revenues over expenditures	<u>(1,046,173)</u>	<u>55,322</u>	<u>1,101,495</u>
Other financing sources (uses):			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses)			
Changes in fund balances	<u>(1,046,173)</u>	<u>55,322</u>	<u>1,101,495</u>
Fund balances (deficits), beginning of year		2	2
Fund balances (deficits), end of year	<u>\$ (1,046,173)</u>	<u>\$ 55,324</u>	<u>\$ 1,101,497</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,068 28	\$ 2,068 28	\$	\$ 47,933	\$ 47,933
	2,096	2,096		47,933	47,933
100,000		100,000	23,079,019	1,047,275	22,031,744
				400,258	(400,258)
100,000		100,000	23,079,019	1,447,533	21,631,486
(100,000)	2,096	102,096	(23,079,019)	(1,399,600)	21,679,419
				(47,933)	(47,933)
				20,465,000	20,465,000
				2,937,983	2,937,983
				23,355,050	23,355,050
(100,000)	2,096	102,096	(23,079,019)	21,955,450	45,034,469
	107,259	107,259			
\$ (100,000)	\$ 109,355	\$ 209,355	\$ (23,079,019)	\$ 21,955,450	\$ 45,034,469

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2020

	Gifts and Donations - Capital		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
Total revenues			
Expenditures:			
Capital outlay	30,000		30,000
Debt service -			
Bond issuance costs			
Total expenditures	30,000		30,000
Excess (deficiency) of revenues over expenditures	(30,000)		30,000
Other financing sources (uses):			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses)			
Changes in fund balances	(30,000)		30,000
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	\$ (30,000)	\$	\$ 30,000

Building Renewal Grant			New School Facilities		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	85,719	85,719			
	85,719	85,719			
212,476	75,391	137,085	1,500	1,070	430
212,476	75,391	137,085	1,500	1,070	430
(212,476)	10,328	222,804	(1,500)	(1,070)	430
(212,476)	10,328	222,804	(1,500)	(1,070)	430
	(10,328)	(10,328)		1,070	1,070
\$ (212,476)	\$	\$ 212,476	\$ (1,500)	\$	\$ 1,500

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2020

	Totals		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 148,890	\$ 148,890
Property taxes		121	121
State aid and grants		1,033,001	1,033,001
Total revenues		<u>1,182,012</u>	<u>1,182,012</u>
Expenditures:			
Capital outlay	24,469,168	2,114,678	22,354,490
Debt service -			
Bond issuance costs		400,258	(400,258)
Total expenditures	<u>24,469,168</u>	<u>2,514,936</u>	<u>21,954,232</u>
Excess (deficiency) of revenues over expenditures	<u>(24,469,168)</u>	<u>(1,332,924)</u>	<u>23,136,244</u>
Other financing sources (uses):			
Transfer out		(47,933)	(47,933)
Issuance of school improvement bonds		20,465,000	20,465,000
Premium on sale of bonds		2,937,983	2,937,983
Total other financing sources (uses)		<u>23,355,050</u>	<u>23,355,050</u>
Changes in fund balances	<u>(24,469,168)</u>	<u>22,022,126</u>	<u>46,491,294</u>
Fund balances (deficits), beginning of year		98,003	98,003
Fund balances (deficits), end of year	<u>\$ (24,469,168)</u>	<u>\$ 22,120,129</u>	<u>\$ 46,589,297</u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to 5 percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Position:					
Net investment in capital assets	\$ 31,262,062	\$ 31,553,422	\$ 30,083,026	\$ 29,406,670	\$ 29,153,698
Restricted	2,507,431	2,246,534	2,158,400	2,459,346	2,673,769
Unrestricted	(10,506,230)	(10,895,613)	(13,836,094)	(14,994,467)	(17,189,897)
Total net position	<u>\$ 23,263,263</u>	<u>\$ 22,904,343</u>	<u>\$ 18,405,332</u>	<u>\$ 16,871,549</u>	<u>\$ 14,637,570</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Position:					
Net investment in capital assets	\$ 28,563,571	\$ 28,840,906	\$ 29,250,754	\$ 29,397,312	\$ 29,118,437
Restricted	3,259,355	3,433,081	3,188,755	3,772,475	3,921,391
Unrestricted	(17,450,800)	3,853,082	4,065,345	4,183,721	5,375,515
Total net position	<u>\$ 14,372,126</u>	<u>\$ 36,127,069</u>	<u>\$ 36,504,854</u>	<u>\$ 37,353,508</u>	<u>\$ 38,415,343</u>

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

Note: The District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, as amended by GASB Statement No. 71 in fiscal year 2015.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenses					
Instruction	\$ 19,645,988	\$ 16,642,530	\$ 14,991,968	\$ 14,078,456	\$ 13,684,751
Support services - students and staff	3,134,991	2,850,566	2,442,600	2,338,204	2,340,161
Support services - administration	3,493,681	2,886,701	2,869,447	2,592,285	2,502,584
Operation and maintenance of plant services	2,536,672	2,470,401	2,367,450	2,306,808	2,131,655
Student transportation services	1,766,002	1,981,666	1,999,609	1,585,990	1,617,307
Operation of non-instructional services	1,946,430	1,885,046	1,869,766	1,816,234	1,657,404
Interest on long-term debt	495,636	525,336	564,722	565,558	665,594
Total expenses	<u>33,019,400</u>	<u>29,242,246</u>	<u>27,105,562</u>	<u>25,283,535</u>	<u>24,599,456</u>
Program Revenues					
Charges for services:					
Instruction	117,478	356,656	345,685	166,468	211,301
Operation of non-instructional services	637,112	730,387	698,144	611,757	586,253
Other activities	85,492	68,966	85,655	44,832	68,129
Operating grants and contributions	3,235,916	2,844,459	2,321,562	2,738,604	2,296,530
Capital grants and contributions	436,766	1,989,364	1,634,345	816,878	264,713
Total program revenues	<u>4,512,764</u>	<u>5,989,832</u>	<u>5,085,391</u>	<u>4,378,539</u>	<u>3,426,926</u>
Net (Expense)/Revenue	<u>\$ (28,506,636)</u>	<u>\$ (23,252,414)</u>	<u>\$ (22,020,171)</u>	<u>\$ (20,904,996)</u>	<u>\$ (21,172,530)</u>

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Instruction	\$ 15,459,914	\$ 14,404,498	\$ 13,073,980	\$ 13,596,940	\$ 14,004,716
Support services - students and staff	2,629,217	2,611,092	2,446,468	2,307,311	3,355,221
Support services - administration	2,477,730	2,351,699	2,013,750	2,217,880	2,233,380
Operation and maintenance of plant services	2,035,983	2,204,599	1,910,020	1,943,648	1,870,887
Student transportation services	1,609,244	1,448,404	1,319,489	1,355,226	1,462,092
Operation of non-instructional services	1,462,727	1,471,056	1,364,627	1,647,565	1,468,807
Interest on long-term debt	618,213	361,891	389,262	419,633	454,568
Total expenses	<u>26,293,028</u>	<u>24,853,239</u>	<u>22,517,596</u>	<u>23,488,203</u>	<u>24,849,671</u>
Program Revenues					
Charges for services:					
Instruction	173,938	327,917	150,815	231,121	525,672
Operation of non-instructional services	620,953	595,648	577,067	582,378	514,466
Other activities	63,652	67,416	37,958	75,885	60,119
Operating grants and contributions	2,233,679	2,464,646	2,095,230	1,852,494	2,723,515
Capital grants and contributions	900,000		4,422	11,445	36,884
Total program revenues	<u>3,992,222</u>	<u>3,455,627</u>	<u>2,865,492</u>	<u>2,753,323</u>	<u>3,860,656</u>
Net (Expense)/Revenue	<u>\$ (22,300,806)</u>	<u>\$ (21,397,612)</u>	<u>\$ (19,652,104)</u>	<u>\$ (20,734,880)</u>	<u>\$ (20,989,015)</u>

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

(Concluded)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net (Expense)/Revenue	\$ (28,506,636)	\$ (23,252,414)	\$ (22,020,171)	\$ (20,904,996)	\$ (21,172,530)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,745,942	5,447,161	5,157,365	4,568,024	5,443,493
Property taxes, levied for debt service	1,749,808	1,811,520	1,987,564	2,046,136	1,832,253
Property taxes, levied for capital outlay	121	131,177		288,019	5,855
Investment income	153,003	121,198	73,511	47,944	36,774
Unrestricted county aid	1,557,171	1,505,412	1,390,933	1,328,983	1,196,593
Unrestricted state aid	19,344,125	17,278,217	14,817,130	14,809,819	12,741,901
Unrestricted federal aid	133,934	86,238	124,079	50,050	181,105
Total general revenues	<u>28,684,104</u>	<u>26,380,923</u>	<u>23,550,582</u>	<u>23,138,975</u>	<u>21,437,974</u>
Changes in Net Position	<u>\$ 177,468</u>	<u>\$ 3,128,509</u>	<u>\$ 1,530,411</u>	<u>\$ 2,233,979</u>	<u>\$ 265,444</u>

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net (Expense)/Revenue	\$ (22,300,806)	\$ (21,397,612)	\$ (19,652,104)	\$ (20,734,880)	\$ (20,989,015)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,200,342	3,587,182	4,510,532	4,127,074	6,655,706
Property taxes, levied for debt service	1,809,762	1,139,311	1,117,231	991,448	1,212,458
Property taxes, levied for capital outlay	556,914	252,695		278,630	26,020
Investment income	54,862	17,409	29,722	43,382	83,996
Unrestricted county aid	1,327,338	1,305,396	1,107,370	1,269,037	1,298,095
Unrestricted state aid	14,111,398	14,572,046	11,890,131	12,813,371	13,086,471
Unrestricted federal aid	190,393	145,788	148,464	150,103	392,295
Total general revenues	<u>23,251,009</u>	<u>21,019,827</u>	<u>18,803,450</u>	<u>19,673,045</u>	<u>22,755,041</u>
Changes in Net Position	<u>\$ 950,203</u>	<u>\$ (377,785)</u>	<u>\$ (848,654)</u>	<u>\$ (1,061,835)</u>	<u>\$ 1,766,026</u>

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

(Concluded)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:					
Nondisposable	\$ 1,721,525	\$ 1,551,972	\$ 648	\$ 579,228	\$
Unassigned	5,496,853	4,557,234	4,342,425	4,125,298	3,758,292
Total General Fund	<u>\$ 7,218,378</u>	<u>\$ 6,109,206</u>	<u>\$ 4,343,073</u>	<u>\$ 4,704,526</u>	<u>\$ 3,758,292</u>
All Other Governmental Funds:					
Nondisposable	\$	\$	\$	\$ 29,322	\$
Restricted	24,531,471	2,223,533	2,339,340	4,301,266	2,865,023
Unassigned	(225,683)	(188,730)	(466,183)	(18,450)	(59,360)
Total all other governmental funds	<u>\$ 24,305,788</u>	<u>\$ 2,034,803</u>	<u>\$ 1,873,157</u>	<u>\$ 4,312,138</u>	<u>\$ 2,805,663</u>

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nonspendable	\$ 188,411	\$	\$	\$	\$ 2,160
Restricted					29,665
Assigned					45,061
Unassigned	<u>3,332,181</u>	<u>2,486,099</u>	<u>2,702,598</u>	<u>3,021,786</u>	<u>3,704,382</u>
Total General Fund	<u><u>\$ 3,520,592</u></u>	<u><u>\$ 2,486,099</u></u>	<u><u>\$ 2,702,598</u></u>	<u><u>\$ 3,021,786</u></u>	<u><u>\$ 3,781,268</u></u>
All Other Governmental Funds:					
Restricted	<u>\$ 4,337,493</u>	<u>\$ 3,399,302</u>	<u>\$ 3,145,608</u>	<u>\$ 6,086,381</u>	<u>\$</u>
Total all other governmental funds	<u><u>\$ 4,336,777</u></u>	<u><u>\$ 3,399,302</u></u>	<u><u>\$ 3,145,608</u></u>	<u><u>\$ 6,086,381</u></u>	<u><u>\$</u></u>

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

(Concluded)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Federal sources:					
Federal grants	\$ 1,644,010	\$ 1,435,086	\$ 1,625,803	\$ 1,247,220	\$ 1,194,039
National School Lunch Program	1,339,367	1,157,004	1,093,833	1,160,726	1,138,354
Total federal sources	<u>2,983,377</u>	<u>2,592,090</u>	<u>2,719,636</u>	<u>2,407,946</u>	<u>2,332,393</u>
State sources:					
State equalization assistance	17,323,678	15,380,789	13,081,504	13,432,713	11,414,115
State grants	128,424	6,921	8,781	102,676	94,964
School Facilities Board	85,719	2,303,522	1,020,285	777,926	81,170
Other revenues	2,020,447	1,897,428	1,735,626	1,377,106	1,327,786
Total state sources	<u>19,558,268</u>	<u>19,588,660</u>	<u>15,846,196</u>	<u>15,690,421</u>	<u>12,918,035</u>
Local sources:					
Property taxes	7,688,645	7,499,038	7,200,398	6,877,415	7,511,374
County aid	1,557,171	1,505,412	1,390,933	1,328,983	1,196,593
Food service sales	337,647	422,862	366,048	346,714	295,541
Investment income	153,003	121,198	73,511	47,944	36,774
Other revenues	1,055,259	945,892	845,377	601,235	744,603
Total local sources	<u>10,791,725</u>	<u>10,494,402</u>	<u>9,876,267</u>	<u>9,202,291</u>	<u>9,784,885</u>
Total revenues	<u><u>\$ 33,333,370</u></u>	<u><u>\$ 32,675,152</u></u>	<u><u>\$ 28,442,099</u></u>	<u><u>\$ 27,300,658</u></u>	<u><u>\$ 25,035,313</u></u>

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Federal sources:					
Federal grants	\$ 1,229,560	\$ 1,143,409	\$ 1,074,355	\$ 1,043,838	\$ 1,426,876
State Fiscal Stabilization (ARRA)					152,614
Education Jobs				10,070	656,179
National School Lunch Program	1,002,165	1,024,363	906,669	893,875	792,364
Total federal sources	<u>2,231,725</u>	<u>2,167,772</u>	<u>1,981,024</u>	<u>1,947,783</u>	<u>3,028,033</u>
State sources:					
State equalization assistance	12,866,392	13,166,249	10,896,498	11,670,279	12,210,421
State grants	104,753	155,933	186,395	86,453	124,661
School Facilities Board			7,399	162,128	
Other revenues	1,245,006	1,405,797	986,234	980,964	906,562
Total state sources	<u>14,216,151</u>	<u>14,727,979</u>	<u>12,076,526</u>	<u>12,899,824</u>	<u>13,241,644</u>
Local sources:					
Property taxes	7,529,571	5,022,991	5,575,310	5,586,547	7,994,632
County aid	1,327,338	1,305,396	1,107,370	1,269,037	1,298,095
Food service sales	300,046	308,722	311,076	293,202	291,928
Investment income	54,862	17,409	29,722	43,382	83,996
Other revenues	646,091	968,988	535,461	601,932	808,329
Total local sources	<u>9,857,908</u>	<u>7,623,506</u>	<u>7,558,939</u>	<u>7,794,100</u>	<u>10,476,980</u>
Total revenues	<u>\$ 26,305,784</u>	<u>\$ 24,519,257</u>	<u>\$ 21,616,489</u>	<u>\$ 22,641,707</u>	<u>\$ 26,746,657</u>

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

(Concluded)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenditures:					
Current -					
Instruction	\$ 17,069,230	\$ 16,868,786	\$ 13,834,842	\$ 12,745,790	\$ 12,443,802
Support services - students and staff	3,037,357	3,061,005	2,544,897	2,286,364	2,277,933
Support services - administration	3,238,128	2,951,777	2,737,255	2,599,046	2,405,585
Operation and maintenance of plant services	2,429,113	2,448,127	2,022,768	2,436,514	2,091,671
Student transportation services	1,521,631	1,729,604	1,558,099	1,494,453	1,455,681
Operation of non-instructional services	1,873,654	1,875,798	1,835,670	1,843,259	1,639,233
Capital outlay	2,319,345	2,965,939	3,895,456	2,518,973	1,863,911
Debt service -					
Interest and fiscal charges	532,476	567,725	607,111	607,947	683,858
Principal retirement	1,295,000	1,215,000	1,613,694	1,636,116	1,278,642
Bond issuance costs	400,258			199,578	
Total expenditures	<u><u>\$ 33,716,192</u></u>	<u><u>\$ 33,683,761</u></u>	<u><u>\$ 30,649,792</u></u>	<u><u>\$ 28,368,040</u></u>	<u><u>\$ 26,140,316</u></u>
 Expenditures for capitalized assets	 \$ 1,654,604	 \$ 1,868,777	 \$ 2,525,588	 \$ 1,704,193	 \$ 1,577,733
 Debt service as a percentage of noncapital expenditures	 6%	 6%	 8%	 8%	 8%

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures:					
Current -					
Instruction	\$ 13,043,241	\$ 13,080,571	\$ 11,950,937	\$ 12,758,132	\$ 12,725,673
Support services - students and staff	2,530,307	2,568,727	2,405,877	2,274,461	3,242,541
Support services - administration	2,336,249	2,246,926	1,899,897	2,115,782	2,082,565
Operation and maintenance of plant services	1,966,489	2,169,928	1,885,058	1,916,071	1,602,674
Student transportation services	1,378,478	1,308,717	1,171,444	1,216,462	1,214,837
Operation of non-instructional services	1,421,955	1,457,022	1,348,469	1,463,603	1,241,916
Capital outlay	12,481,139	269,382	3,227,430	808,161	2,235,466
Debt service -					
Interest and fiscal charges	636,477	361,891	389,262	419,633	454,568
Principal retirement	1,371,268	1,018,898	900,458	879,893	949,534
Bond issuance costs	246,894				
Total expenditures	<u>\$ 37,412,497</u>	<u>\$ 24,482,062</u>	<u>\$ 25,178,832</u>	<u>\$ 23,852,198</u>	<u>\$ 25,749,774</u>
Expenditures for capitalized assets	\$ 11,406,220	\$ 52,621	\$ 3,092,507	\$ 700,745	\$ 1,424,826
Debt service as a percentage of noncapital expenditures	8%	6%	6%	6%	6%

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

(Concluded)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Excess (deficiency) of revenues over expenditures	\$ (382,822)	\$ (1,008,609)	\$ (2,207,693)	\$ (1,067,382)	\$ (1,105,003)
Other financing sources (uses):					
General obligation bonds issued	20,465,000			2,475,000	
Premium on sale of bonds	2,937,983			722,957	
Transfers in	140,394	64,639	46,036	303,896	109,685
Transfers out	(140,394)	(64,639)	(46,036)	(303,896)	(109,685)
Refunding bonds issued				4,455,000	
Payment to refunded bond escrow agent				(4,779,509)	
Insurance recoveries			15,161	38,093	
Proceeds from sale of capital assets	8,991				
Total other financing sources (uses)	<u>23,411,974</u>	<u></u>	<u>15,161</u>	<u>2,911,541</u>	<u></u>
Changes in fund balances	<u>\$ 23,029,152</u>	<u>\$ (1,008,609)</u>	<u>\$ (2,192,532)</u>	<u>\$ 1,844,159</u>	<u>\$ (1,105,003)</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Excess (deficiency) of revenues over expenditures	\$ (11,106,713)	\$ 37,195	\$ (3,562,343)	\$ (1,210,491)	\$ 996,883
Other financing sources (uses):					
General obligation bonds issued	12,525,000				
Premium on sale of bonds	365,270				
Capital lease agreements			302,382		
Transfers in	240,194	67,895	129,779	51,532	100,671
Transfers out	(240,194)	(67,895)	(129,779)	(51,532)	(100,671)
Total other financing sources (uses)	<u>12,890,270</u>	<u></u>	<u>302,382</u>	<u></u>	<u></u>
Changes in fund balances	<u>\$ 1,783,557</u>	<u>\$ 37,195</u>	<u>\$ (3,259,961)</u>	<u>\$ (1,210,491)</u>	<u>\$ 996,883</u>

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	\$ 34,768,788	\$ 30,357,815	\$ 28,258,807	\$ 27,174,893	\$ 26,973,496
Agricultural and Vacant	37,717,375	33,261,562	35,730,684	32,286,547	34,925,496
Residential (Owner Occupied)	153,620,716	134,062,575	118,844,833	104,946,888	94,053,403
Residential (Rental)	50,078,810	44,395,936	42,770,142	41,647,402	40,562,967
Railroad, Private Cars and Airlines	707,642	733,029	751,761	683,677	719,103
Certain Government Property Improvements	95,152	90,621	86,306	82,196	
Total	<u>\$ 276,988,483</u>	<u>\$ 242,901,538</u>	<u>\$ 226,442,533</u>	<u>\$ 206,821,603</u>	<u>\$ 197,234,465</u>
Gross Full Cash Value	\$ 2,753,303,739	\$ 3,280,137,487	\$ 3,046,163,521	\$ 2,613,599,435	\$ 2,287,258,202
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	7%	7%	8%	9%
Total Direct Rate	3.34	3.54	3.72	3.79	4.28

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 25,621,205	\$ 24,778,956	\$ 25,160,981	\$ 25,135,960	\$ 23,499,405
Agricultural and Vacant	35,104,120	40,142,791	46,429,446	57,410,628	102,615,681
Residential (Owner Occupied)	86,634,043	79,833,152	93,611,137	100,982,339	122,434,140
Residential (Rental)	34,209,353	25,565,807	12,167,975	11,271,010	11,476,093
Railroad, Private Cars and Airlines	755,119	644,443	616,341	526,487	523,279
Total	<u>\$ 182,323,840</u>	<u>\$ 170,965,149</u>	<u>\$ 177,985,880</u>	<u>\$ 195,326,424</u>	<u>\$ 260,548,598</u>
Gross Full Cash Value	\$ 1,897,740,811	\$ 1,651,731,663	\$ 1,700,703,026	\$ 1,851,483,082	\$ 2,687,111,831
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	10%	10%	11%	10%
Total Direct Rate	4.50	3.46	3.54	3.20	3.30

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	\$ 39,045,942	\$ 34,237,900	\$ 31,441,840	\$ 28,851,789	\$ 27,381,765
Agricultural and Vacant	70,198,835	61,173,906	65,225,621	50,379,599	44,866,664
Residential (Owner Occupied)	200,376,236	170,818,944	151,030,248	129,065,870	114,320,834
Residential (Rental)	63,987,832	55,541,788	53,528,126	50,440,099	48,358,725
Railroad, Private Cars and Airlines	869,212	878,794	871,533	729,776	732,164
Certain Government Property Improvements	124,295	123,503	119,442.00	108,730	-
Total	<u>\$ 374,602,352</u>	<u>\$ 322,774,835</u>	<u>\$ 302,216,810</u>	<u>\$ 259,575,863</u>	<u>\$ 235,660,152</u>
Gross Full Cash Value	\$ 2,753,303,739	\$ 3,280,137,487	\$ 3,046,163,521	\$ 2,613,599,435	\$ 2,287,258,202
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	14%	10%	10%	10%	10%
Estimated Net Full Cash Value	\$ 2,383,366,714	\$ 2,764,343,740	\$ 2,568,526,897	\$ 2,218,822,904	\$ 1,980,560,737
Total Direct Rate	3.34	3.54	3.72	3.79	4.28

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 25,757,638	\$ 24,818,644	\$ 25,188,844	\$ 25,290,926	\$ 24,890,490
Agricultural and Vacant	37,510,025	41,737,178	47,906,892	59,017,604	121,432,487
Residential (Owner Occupied)	94,200,096	80,015,764	93,842,229	101,142,268	123,435,812
Residential (Rental)	37,144,643	25,694,442	12,207,904	11,312,386	11,877,500
Railroad, Private Cars and Airlines	761,747	650,155	627,233	583,523	619,115
Total	<u>\$ 195,374,149</u>	<u>\$ 172,916,183</u>	<u>\$ 179,773,102</u>	<u>\$ 197,346,707</u>	<u>\$ 282,255,404</u>
Gross Full Cash Value	\$ 1,897,740,811	\$ 1,651,731,663	\$ 1,700,703,026	\$ 1,851,483,082	\$ 2,687,111,831
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	11%	11%	11%
Estimated Net Full Cash Value	\$ 1,618,695,731	\$ 1,388,100,174	\$ 1,430,189,455	\$ 1,560,989,289	\$ 2,135,565,173
Total Direct Rate	4.50	3.46	3.54	3.20	3.30

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	19 %
Agricultural and Vacant	15	15	15	15	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	14	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	19 %	20 %	20 %	20 %	21 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	16	15	15	15	17

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

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Overlapping Rates									District Direct Rates		
	State		Community	Flood	Central				Buckeye Union			
	Equalization	County	College	Control	Arizona	City of	City of	City of	High School	Primary	Secondary	Total
			District	District	Water	Avondale	Goodyear	Buckeye	District No. 201			
2020	0.46	1.40	1.33	0.18	0.14	1.65	1.73	1.80	3.33	1.98	1.36	3.34
2019	0.47	1.40	1.38	0.18	0.14	1.76	1.74	1.80	3.27	2.01	1.53	3.54
2018	0.49	1.40	1.41	0.18	0.14	1.60	1.73	1.80	3.34	2.07	1.66	3.73
2017	0.50	1.40	1.47	0.18	0.14	1.70	1.86	1.80	3.22	2.00	1.80	3.80
2016	0.51	1.36	1.49	0.16	0.14	1.75	1.87	1.80	3.34	2.55	1.72	4.27
2015	0.51	1.32	1.52	0.14	0.14	1.75	1.87	1.80	3.51	2.80	1.70	4.50
2014	0.51	1.28	1.53	0.14	0.14	1.81	1.90	1.80	3.66	1.91	1.55	3.46
2013	0.47	1.24	1.38	0.18	0.10	1.33	1.78	1.80	3.42	2.07	1.47	3.54
2012	0.43	1.24	1.21	0.18	0.10	1.33	1.60	1.61	3.07	1.87	1.33	3.20
2011	0.36	1.05	0.97	0.15	0.10	1.11	1.42	1.19	2.80	1.96	1.34	3.30

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Taxpayer	2020			2011	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation		Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
Arizona Public Service Company	\$ 10,865,207	3.92 %		\$ 9,568,458	3.40 %
NNP III EMR 4 LLC	2,341,099	0.85			
NNP III EMR 3 LLC	2,265,195	0.82		7,507,994	2.70
NNP III - Estrella Mountain Ranch LLC	2,241,831	0.81		10,528,127	3.70
Southwest Gas Corporation (T&D)	2,168,469	0.78			
Southern California Edison CO (T&D)	1,771,886	0.64			
Huhtamaki Inc	1,507,632	0.54			
Transwestern Pipeline Company LLC	1,380,761	0.50			
Nevada Holding Co LP	1,372,997	0.50		3,584,644	1.30
HE Capital KR LLC	1,312,777	0.47		4,995,921	1.80
Standard Pacific of Arizona Inc.				2,850,780	1.00
U.S. Development Land LLC				2,483,848	0.90
Taylor Woodrow/Arizona Inc.				2,370,945	0.80
BT Airport Road LLC				2,370,945	0.80
DMB White Tank LLC				2,314,494	0.80
Total	<u>\$ 27,227,854</u>	<u>9.83 %</u>		<u>\$ 48,576,156</u>	<u>17.20 %</u>

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 9,106,441	\$ 8,554,732	93.94 %	\$	\$ 8,554,732	93.94 %
2019	8,645,533	8,139,963	94.15	501,472	8,641,435	99.95
2018	8,443,843	7,859,966	93.09	580,096	8,440,062	99.96
2017	7,842,047	6,723,526	85.74	1,115,609	7,839,135	99.96
2016	8,391,896	8,178,369	97.46	210,231	8,388,600	99.96
2015	8,397,021	7,987,636	95.12	406,994	8,394,630	99.97
2014	5,921,716	5,499,209	92.87	420,329	5,919,538	99.96
2013	6,328,989	5,909,754	93.38	418,271	6,328,025	99.98
2012	6,234,106	5,814,865	93.28	338,803	6,153,668	98.71
2011	8,998,440	7,400,298	82.24	1,595,842	8,996,140	99.97

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

Notes: 1) Amounts collected are on a cash basis.

- 2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	Less:										
	Amounts			Percentage of			Percentage of			Percentage of	
	Restricted			Estimated			Estimated			Personal	
	General Obligation Bonds	for Principal	Total	Actual Value	Per	Capital		Total	Actual Value	Per	Income
					Capita	Leases				Capita	
2020	\$	39,232,607	\$ 108,554	\$ 39,124,053	1.42 %	\$ 1,414	\$	\$ 39,232,607	1.42 %	\$ 1,418	N/A
2019		17,261,567	134,650	17,126,917	0.52	634		17,261,567	0.53	639	8.21 %
2018		18,881,611	84,594	18,797,017	0.62	557		18,881,611	0.62	559	9.62
2017		20,526,655	233,656	20,292,999	0.78	817	63,694	20,590,349	0.79	829	11.12
2016		18,583,742	128,183	18,455,559	0.81	602	124,810	18,708,552	0.82	610	10.12
2015		19,917,006	184,922	19,732,084	1.04	798	183,452	20,100,458	1.06	813	11.93
2014		7,845,000	98,748	7,746,252	0.47	387	239,720	8,084,720	0.49	404	5.22
2013		8,595,000	99,104	8,495,896	0.50	425	458,618	9,053,618	0.53	453	6.14
2012		9,330,000	97,277	9,232,723	0.50	462	306,694	9,636,694	0.52	482	6.75
2011		10,140,000	193,527	9,946,473	0.37	497	451,587	10,591,587	0.39	530	7.45

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to School District	Estimated Amount Applicable to School District
Overlapping:			
Maricopa County Community College District	\$ 380,740,000	0.57 %	\$ 2,170,218
Maricopa County Special Health Care District	459,125,000	0.57	2,617,013
Estrella Mountain Ranch Community Facilities District	11,925,000	100.00	11,925,000
Sundance Community Facilities District	18,260,000	21.13	3,858,338
Verrado District No. 1 Community Facilities District	32,075,000	1.67	535,653
City of Goodyear	112,980,000	16.89	19,082,322
Buckeye Union High School District No. 201	75,165,000	31.69	23,819,789
Western Maricopa Education Center No. 402	186,465,809	1.56	2,908,867
Subtotal, Overlapping Debt			<u>66,917,200</u>
Direct:			
Liberty Elementary School District No. 25			<u>39,232,607</u>
Total Direct and Overlapping Debt			<u>\$ 106,149,807</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	14.12 %	
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 3,832	
As a Percentage of Net Limited Assessed Valuation	38.28 %	
As a Percentage of Gross Full Cash Value	3.85 %	

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

Notes: 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
2) Outstanding debt as of June 30, 2019 is presented for the overlapping governments as this is the most recent available information.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2020:

Net full cash assessed valuation	\$ 374,602,352
Debt limit (10% of assessed value)	37,460,235
Debt applicable to limit	<u>36,891,410</u>
Legal debt margin	<u><u>\$ 568,825</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2020:

Net full cash assessed valuation	\$ 374,602,352
Debt limit (15% of assessed value)	56,190,353
Debt applicable to limit	<u>36,891,410</u>
Legal debt margin	<u><u>\$ 19,298,943</u></u>

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Limit	\$ 56,190,353	\$ 48,416,225	\$ 45,332,522	\$ 38,936,379	\$ 35,349,023
Total net debt applicable to limit	<u>36,891,410</u>	<u>16,420,000</u>	<u>17,970,000</u>	<u>19,545,000</u>	<u>18,255,000</u>
Legal debt margin	<u><u>\$ 19,298,943</u></u>	<u><u>\$ 31,996,225</u></u>	<u><u>\$ 27,362,522</u></u>	<u><u>\$ 19,391,379</u></u>	<u><u>\$ 17,094,023</u></u>
Total net debt applicable to the limit as a percentage of debt limit	66%	34%	40%	50%	52%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 29,306,122	\$ 25,937,427	\$ 26,965,965	\$ 29,602,006	\$ 42,338,311
Total net debt applicable to limit	<u>19,570,000</u>	<u>7,845,000</u>	<u>8,595,000</u>	<u>9,330,000</u>	<u>10,140,000</u>
Legal debt margin	<u><u>\$ 9,736,122</u></u>	<u><u>\$ 18,092,427</u></u>	<u><u>\$ 18,370,965</u></u>	<u><u>\$ 20,272,006</u></u>	<u><u>\$ 32,198,311</u></u>
Total net debt applicable to the limit as a percentage of debt limit	67%	30%	32%	32%	24%

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

Notes: 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.

2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate	Estimated District Population
2019	4,367,835	\$ N/A	\$ N/A	3.6 %	27,670
2018	4,294,460	210,370,180	47,694	4.1	27,019
2017	4,307,033	196,286,191	45,573	4.2	33,751
2016	4,137,076	185,111,698	43,628	4.5	24,826
2015	4,076,438	184,784,917	42,092	5.5	30,660
2014	4,087,191	168,483,421	41,222	5.9	24,728
2013	3,944,859	154,926,697	26,888	6.7	20,000
2012	3,824,053	147,374,500	38,539	9.1	20,000
2011	3,843,370	142,864,275	37,352	8.4	20,000
2010	3,817,117	142,091,618	35,319	9.1	20,000

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information for 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2016, the source of the information is the Arizona Office of Employment and Population Statistics. For 2019 the source of the "Population" is the Bureau of Economic Analysis and the "Unemployment Rate" is the Arizona Office of Employment and Population Statistics

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Employer	2020		2011	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Banner Health	21,160	1.26 %	28,220	1.49 %
Intel Corp.	11,350	0.68	9,700	0.51
Arizona State University	9,490	0.57	12,221	0.65
HonorHealth	7,300	0.44		
Honeywell	6,930	0.41	10,145	0.54
United States Department of the Air Force	6,900	0.41		
Dignity Health	6,650	0.40		
State Farm Insurance	6,550	0.39		
Bank of America	6,530	0.39	12,000	0.63
JP Morgan Chase & Co	6,500	0.39	9,700	0.51
State of Arizona			49,282	2.61
Walmart Stores			30,608	1.62
Wells Fargo			13,100	0.69
City of Phoenix			15,544	0.82
Total	<u>89,360</u>	<u>5.34 %</u>	<u>190,520</u>	<u>10.07 %</u>
Total employment	<u>1,673,610</u>		<u>1,890,060</u>	

Source: The source of this information is the 2018 Maricopa Association of Governments Employer Database and the 2010 Business Journal Book of Lists.

Note: The principal employer data is presented for the Phoenix metropolitan area.

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Supervisory					
Consultants/supervisors of instruction	5	4	4	4	3
Principals	6	6	6	6	6
Assistant principals	2				
Total supervisory	<u>13</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>
Instruction					
Teachers	206	200	195	167	170
Other professionals (instructional)	26	25	24	26	29
Total instruction	<u>232</u>	<u>225</u>	<u>219</u>	<u>193</u>	<u>199</u>
Student Services					
Librarians	4	4	2	2	1
Total student services	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>1</u>
Support and Administration					
Service workers	69	75	66	62	64
Other classified	37	35	37	49	47
Total support and administration	<u>106</u>	<u>110</u>	<u>103</u>	<u>111</u>	<u>111</u>
Total	<u><u>355</u></u>	<u><u>349</u></u>	<u><u>334</u></u>	<u><u>316</u></u>	<u><u>320</u></u>

(Continued)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Supervisory					
Consultants/supervisors of instruction	3	3	1	1	1
Principals	5	5	5	5	5
Assistant principals	1	1	1	1	1
Total supervisory	<u>9</u>	<u>9</u>	<u>7</u>	<u>7</u>	<u>7</u>
Instruction					
Teachers	182	187	187	185	194
Other professionals (instructional)	34	49	44	57	52
Total instruction	<u>216</u>	<u>236</u>	<u>231</u>	<u>242</u>	<u>246</u>
Student Services					
Librarians	3	3	3		5
Total student services	<u>3</u>	<u>3</u>	<u>3</u>		<u>5</u>
Support and Administration					
Service workers	56	55	48	51	52
Other classified	45	38	42	64	53
Total support and administration	<u>101</u>	<u>93</u>	<u>90</u>	<u>115</u>	<u>105</u>
Total	<u><u>329</u></u>	<u><u>341</u></u>	<u><u>331</u></u>	<u><u>364</u></u>	<u><u>363</u></u>

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

(Concluded)

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2020	3,601	\$ 29,169,113	\$ 8,100	(3.62) %	\$ 33,019,400	\$ 9,170	7.97 %	232	15.5	45.0 %
2019	3,443	28,935,097	8,404	12.97	29,242,246	8,493	3.34	225	15.3	44.0
2018	3,298	24,533,531	7,439	3.71	27,105,562	8,219	6.07	219	15.1	46.8
2017	3,263	23,405,426	7,173	4.35	25,283,535	7,749	2.25	193	16.9	48.8
2016	3,246	22,313,905	6,874	(4.72)	24,599,456	7,578	(9.41)	199	16.3	50.0
2015	3,143	22,676,719	7,215	(1.94)	26,293,028	8,366	4.45	216	14.6	47.7
2014	3,103	22,831,891	7,358	8.69	24,853,239	8,009	8.56	236	13.1	49.0
2013	3,052	20,661,682	6,770	(2.89)	22,517,596	7,378	(2.03)	231	13.2	48.4
2012	3,119	21,744,511	6,972	5.06	23,488,203	7,531	0.98	242	12.9	53.4
2011	3,332	22,110,206	6,636	(7.57)	24,849,671	7,458	(4.90)	246	13.5	48.8

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

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

LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Schools</u>										
Elementary										
Buildings	38	38	38	38	38	33	33	32	32	32
Square feet	433,474	433,474	433,474	433,474	433,474	370,963	370,963	360,304	360,304	360,304
Capacity	4,602	4,602	4,602	4,602	4,602	3,926	3,926	3,851	3,851	3,851
Enrollment	3,900	3,692	3,483	3,486	3,442	3,362	3,357	3,309	3,284	3,628
<u>Administrative</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<u>Athletics</u>										
Soccer fields	5	5	5	3	2	1	1	1	1	1
Baseball/softball	11	11	11	11	11	10	10	10	10	10
Playgrounds	14	14	14	14	14	12	12	12	12	12

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

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