

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**



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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
LIST OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2020**

**Governing Board**

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

**Superintendent**

Jodi Gunning

**Executive Director of Finance**

Wendy D. Qualls

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**YEAR ENDED JUNE 30, 2020**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Litchfield Elementary School District No. 79 (District), as of and for the year ended June 30, 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.

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

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Litchfield Elementary School District No. 79 as of June 30, 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.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 25, 2021

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

As management of Litchfield Elementary School District No. 79 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$94,092,304 (net position).
- ◆ The District's total net position increased by \$2,717,076. The increase was largely due to increases in state equalization and additional state aid and operating grant contributions.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$55,297,054, a decrease of \$1,755,202 in comparison with the prior year. The decrease was largely due to \$2,107,936 in bond building expenditures for facility improvements and construction of an elementary school.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$39,396,379, or 50.7% of total General Fund expenditures.
- ◆ The District's total bonded debt decreased by \$5,115,000 (11.0%) during the current fiscal year. The decrease was due to scheduled principal payments due on outstanding bonds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

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

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

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintains forty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Debt Service Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

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

The statement of fiduciary fund net position can be found on page 16 of this report.

**Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 – 39 of this report.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

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

Governments have the option of presenting budgetary comparison schedules for the General Fund and major Special Revenue Funds as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has presented the General Fund budgetary comparison schedule as RSI other than the MD&A and can be found on page 40. The District also reports a schedule of its proportionate share of the net pension/OPEB liability and contributions as RSI immediately following the general fund budgetary schedule.

**Other Information**

The statistical section includes selected financial demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 47 – 60 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$94,092,304 at the close of the most recent fiscal year.

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

**Net Position**

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

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

|                                  | Governmental Activities |                      |
|----------------------------------|-------------------------|----------------------|
|                                  | 2020                    | 2019                 |
| Current and Other Assets         | \$ 65,443,789           | \$ 67,632,650        |
| Capital Assets                   | 150,961,379             | 149,092,155          |
| Total Assets                     | <u>216,405,168</u>      | <u>216,724,805</u>   |
| Deferred Outflows of Resources   | 12,389,414              | 11,286,094           |
| Current Liabilities              | 8,164,553               | 8,624,600            |
| Long-Term Liabilities            | 121,113,257             | 118,761,578          |
| Total Liabilities                | <u>129,277,810</u>      | <u>127,386,178</u>   |
| Deferred Inflows of Resources    | <u>5,424,468</u>        | <u>9,249,493</u>     |
| Net Position                     |                         |                      |
| Net Investment in Capital Assets | 108,293,976             | 103,092,605          |
| Restricted                       | 14,668,147              | 16,462,391           |
| Unrestricted                     | (28,869,819)            | (28,179,768)         |
| Total Net Position               | <u>\$ 94,092,304</u>    | <u>\$ 91,375,228</u> |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

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

Restricted net position decreased 10.9% largely due to a reduction in net position restricted for food services, Community School and capital projects (excluding unspent bond proceeds), net of an increase in net position restricted for classroom site.

The unrestricted portion decreased by 2.5%, due to an increase in the pension/OPEB liability and related expense. It should also be noted that this category is negative due to pension related activity.

**Change in Net Position**

Overall, net position increased \$2,717,076 or 3.0%. Key elements of this increase are as follows:

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

|  | Governmental Activities     |                             |                            |                      |
|--|-----------------------------|-----------------------------|----------------------------|----------------------|
|  | 2020                        | 2019                        | Annual<br>Change           | Percent<br>Change    |
| <b>REVENUES</b>  |                             |                             |                            |                      |
| Program Revenues:  |                             |                             |                            |                      |
| Charges for Services   | \$ 4,562,834                | \$ 5,467,866                | \$ (905,032)               | (16.55)%             |
| Operating Grants and Contributions                               | 13,845,600                  | 12,955,599                  | 890,001                    | 6.87 %               |
| Capital Grants and Contributions                                 | 2,731,832                   | 2,293,393                   | 438,439                    | 19.12 %              |
| General Revenues:  |                             |                             |                            |                      |
| Property Taxes   | 28,762,804                  | 27,412,883                  | 1,349,921                  | 4.92 %               |
| Grants and Contributions Not Restricted to<br>Specific Programs: |                             |                             |                            |                      |
| State Equalization and Additional State Aid                      | 54,721,661                  | 49,434,480                  | 5,287,181                  | 10.70 %              |
| Federal Aid Not Restricted                                       | 67,048                      | 110,432                     | (43,384)                   | (39.29)%             |
| Unrestricted Investment Earnings                                 | 1,007,367                   | 1,340,443                   | (333,076)                  | (24.85)%             |
| Other  | 53,751                      | 198,685                     | (144,934)                  | (72.95)%             |
| Total Revenues   | <u>105,752,897</u>          | <u>99,213,781</u>           | <u>6,539,116</u>           | <u>6.59 %</u>        |
| <b>EXPENSES</b>  |                             |                             |                            |                      |
| Instruction  | 59,659,659                  | 50,879,483                  | 8,780,176                  | 17.26 %              |
| Support Services:  |                             |                             |                            |                      |
| Students and Instructional Staff                                 | 11,600,997                  | 10,220,092                  | 1,380,905                  | 13.51 %              |
| General and School Administration                                | 4,701,376                   | 4,281,992                   | 419,384                    | 9.79 %               |
| Business and Other Support Services                              | 3,273,032                   | 3,069,464                   | 203,568                    | 6.63 %               |
| Operation and Maintenance of Plant                               | 9,312,927                   | 8,377,026                   | 935,901                    | 11.17 %              |
| Student Transportation   | 4,526,775                   | 4,325,294                   | 201,481                    | 4.66 %               |
| Operation of Noninstructional Services                           | 8,425,436                   | 8,101,907                   | 323,529                    | 3.99 %               |
| Interest on Long-Term Debt                                       | 1,535,619                   | 1,680,492                   | (144,873)                  | (8.62)%              |
| Total Expenses   | <u>103,035,821</u>          | <u>90,935,750</u>           | <u>12,100,071</u>          | <u>13.31 %</u>       |
| <b>CHANGE IN NET POSITION</b>                                    | 2,717,076                   | 8,278,031                   | (5,560,955)                | (67.18)%             |
| Net Position - Beginning of Year                                 | <u>91,375,228</u>           | <u>83,097,197</u>           | <u>8,278,031</u>           | <u>9.96 %</u>        |
| <b>NET POSITION - END OF YEAR</b>                                | <u><u>\$ 94,092,304</u></u> | <u><u>\$ 91,375,228</u></u> | <u><u>\$ 2,717,076</u></u> | <u><u>2.97 %</u></u> |



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

Program revenues, which are made up of charges for services, operating grants and contributions, and capital grants and contributions, increased from the prior year by \$423,408. The increase was due to an increase in operating grants, largely state grants. Capital contributions increased \$438,439 due to a \$2.4 million land donation, offset by reduced state building renewal funds for completion of various District funded projects. These increases were offset by a \$905,032 reduction in charges for services, largely due to reduced services in the last three months of the year as a result of the COVID-19 pandemic.

Property taxes increased \$1,349,921 or 4.9% due to an increase in the value of the taxbase.

State equalization and additional state aid increased \$5,287,181 due to the District receiving more funding based upon changes in the state funding formula, as well as additional state aid.

District expenses increased by \$12,100,071 primarily as a result of staffing to provide instruction to additional students, opening a new elementary school, providing additional contracted student support services to special education students, pay raises and increases in health insurance premiums.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$55,297,054, a decrease of \$1,755,202 in comparison with the prior year. Approximately 71.2% of this total amount (\$39,396,379) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable and restricted to indicate that is not available for new spending.

At fiscal year-end 2019-20 balances were as follows:

**Table A-3  
Fund Balances**

| Fund                        | Balance       | Increase<br>(Decrease)<br>From Prior Year |
|-----------------------------|---------------|---|
| General Fund                | \$ 39,497,644 | \$ 2,078,229                              |
| Debt Service Fund           | 448,129       | (161,238)                                 |
| Nonmajor Governmental Funds | 15,351,281    | (3,672,193)                               |
| Total                       | \$ 55,297,054 | \$ (1,755,202)                            |

The General Fund increase was due to reduced operating costs over the last three months of the year, due to school closure, as a result of the COVID-19 pandemic.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

The Debt Service Fund decreased due to a net increase in scheduled debt service payments due on the outstanding bonds.

The Nonmajor Governmental Funds decrease was mainly due to the \$2,107,936 and \$359,711 in capital outlay in Bond Building and Adjacent Ways funds, respectively for the construction of Belen Soto Elementary School.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget totaled \$2,624,059. The regular education subsection accounted for \$1,275,556 of the difference and was largely allocated to instruction and operation and maintenance of plant.

The amendments described above were made due to increased budget carryover becoming available when prior year actual General Fund expenditures were less than projected. Actual General Fund expenditures were \$7,218,567 less than budget during the fiscal year. Actual expenditures were within 10.0% of budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for the governmental activities as of June 30, 2020, amounts to \$150,961,379 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, furniture, equipment and vehicles and construction in progress.

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

- ◆ Completion of Western Sky roof replacement in the amount of \$1.1 million.
- ◆ Completion of construction of Belen Soto Elementary School in the amount of \$17 million.
- ◆ A land donation in the amount \$2.4 million.
- ◆ Purchase of eleven school buses in the amount of \$1.6 million.

Capital assets for fiscal years June 30, 2020 and 2019, net of accumulated depreciation was as follows:

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

|                                     | Governmental Activities |                |
|-------------------------------------|-------------------------|----------------|
|                                     | 2020                    | 2019           |
| Land                                | \$ 22,561,037           | \$ 20,161,037  |
| Construction in Progress            | 347,342                 | 17,221,929     |
| Land Improvements                   | 2,958,230               | 1,942,903      |
| Buildings and Building Improvements | 118,220,216             | 103,737,706    |
| Furniture, Equipment, and Vehicles  | 6,874,554               | 6,028,580      |
| Total Capital Assets, Net           | \$ 150,961,379          | \$ 149,092,155 |

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Long-Term Debt**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$41,220,000. All this debt is backed by the full faith and credit of the District.

**Table A-5  
Outstanding Debt**

|                          | Governmental Activities |               |
|--------------------------|-------------------------|---------------|
|                          | 2020                    | 2019          |
| General Obligation Bonds | \$ 41,220,000           | \$ 46,335,000 |

The District's total bonded debt decreased by \$5,115,000 (11.0%) during the current fiscal year. This decrease was the result of scheduled principal payments due on outstanding bonds.

The State Constitution/Statutes limits the amount of bonded debt a nonunified school district may issue to 15% of its net secondary assessed valuation and the greater of 10% of the net secondary assessed valuation or \$1,500 per ADM for Class B Bonded debt. The current debt limitation for the District is \$171,651,171 for all debt and \$114,434,114, for Class B bonded debt. The District's total debt was below 15% of its net secondary assessed valuation and below the greater of 10% of the net secondary assessed valuation or \$1,500 per average daily membership (ADM) for Class B bonded debt.

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

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

- ◆ Increased budget available due to state appropriation for teacher salary increases.
- ◆ Decrease budget available due to lower student enrollment.
- ◆ Grant funds available to support schools during the COVID-19 pandemic.
- ◆ Increase in technology costs for online learning.
- ◆ Increase in operational costs for school safety measures.
- ◆ Use of cash reserves to retain employees during program closure and/or limited operation.

All of these factors were considered in preparing the District's budget for the 2020 fiscal year.

**REQUESTS FOR INFORMATION**

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

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## **BASIC FINANCIAL STATEMENTS**

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and Investments   | \$ 47,450,356              |
| Restricted Cash and Investments  | 1,477,316                  |
| Deposits   | 90,496                     |
| Receivables:   |                            |
| Accounts Receivable  | 49,528                     |
| Property Taxes   | 2,096,190                  |
| Intergovernmental  | 13,904,880                 |
| Inventories  | 231,717                    |
| Net Other Postemployment Benefits Asset                                  | 143,306                    |
| Capital Assets:  |                            |
| Nondepreciable   | 22,908,379                 |
| Depreciable, Net   | 128,053,000                |
| Total Assets   | 216,405,168                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                            |
| Deferred Outflows Related to Pensions and Other Post Employment Benefits | 12,389,414                 |
| <b>LIABILITIES</b>   |                            |
| Accounts Payable   | 602,533                    |
| Accrued Wages and Benefits   | 1,581,933                  |
| Accrued Interest   | 865,087                    |
| Matured Debt Principal Payable   | 5,115,000                  |
| Long-Term Liabilities:   |                            |
| Due Within One Year  | 5,505,054                  |
| Due in More Than One Year  | 41,039,844                 |
| Net Pension and OPEB Liability Due in More Than One Year                 | 74,568,359                 |
| Total Liabilities  | 129,277,810                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                            |
| Deferred Inflows Related to Pensions and Other Post Employment Benefits  | 5,424,468                  |
| <b>NET POSITION</b>  |                            |
| Net Investment in Capital Assets   | 108,293,976                |
| Restricted for:  |                            |
| Instructional Improvements   | 1,080,555                  |
| Classroom Site   | 3,632,605                  |
| Federal and State Grants   | 1,132,418                  |
| Food Services  | 1,839,051                  |
| Debt Service   | 499,842                    |
| Civic Center   | 3,428,854                  |
| Community School   | 1,918,231                  |
| Other Noninstructional Services  | 474,580                    |
| Other Post Employment Benefits   | 143,306                    |
| Other  | 257,668                    |
| Capital Projects   | 261,037                    |
| Unrestricted   | (28,869,819)               |
| Total Net Position   | \$ 94,092,304              |

See accompanying Notes to Basic Financial Statements.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

| Functions/Programs                     | Expenses              | Program Revenues     |                                    |                                  | Net (Expense)                       |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
|  |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
|  |                       |                      |                                    |                                  | Governmental Activities             |
| <b>Primary Government:</b>             |                       |                      |                                    |                                  |                                     |
| Governmental Activities:               |                       |                      |                                    |                                  |                                     |
| Instruction                            | \$ 59,659,659         | \$ 204,164           | \$ 8,933,372                       | \$ 2,400,000                     | \$ (48,122,123)                     |
| Support Services:                      |                       |                      |                                    |                                  |                                     |
| Students                               | 7,640,862             | -                    | 411,990                            | -                                | (7,228,872)                         |
| Instructional Staff                    | 3,960,135             | -                    | 920,194                            | -                                | (3,039,941)                         |
| General Administration                 | 1,203,824             | 3,328                | 143,014                            | -                                | (1,057,482)                         |
| School Administration                  | 3,497,552             | -                    | 70,117                             | -                                | (3,427,435)                         |
| Business and Other Support Services    | 3,273,032             | 49,264               | 90,709                             | -                                | (3,133,059)                         |
| Operation and Maintenance of Plant     | 9,312,927             | 43,077               | 237,659                            | 331,832                          | (8,700,359)                         |
| Student Transportation                 | 4,526,775             | 9,964                | 108,560                            | -                                | (4,408,251)                         |
| Operation of Noninstructional Services | 8,425,436             | 4,253,037            | 2,929,985                          | -                                | (1,242,414)                         |
| Interest on Long-Term Debt             | 1,535,619             | -                    | -                                  | -                                | (1,535,619)                         |
| <b>Total</b>                           | <b>\$ 103,035,821</b> | <b>\$ 4,562,834</b>  | <b>\$ 13,845,600</b>               | <b>\$ 2,731,832</b>              | <b>(81,895,555)</b>                 |
| General Revenues:                      |                       |                      |                                    |                                  |                                     |
|  |                       |                      |                                    |                                  | 28,762,804                          |
|  |                       |                      |                                    |                                  | 54,721,661                          |
|  |                       |                      |                                    |                                  | 67,048                              |
|  |                       |                      |                                    |                                  | 1,007,367                           |
|  |                       |                      |                                    |                                  | 53,751                              |
|  |                       |                      |                                    |                                  | <u>84,612,631</u>                   |
|  |                       |                      |                                    |                                  | 2,717,076                           |
|  |                       |                      |                                    |                                  | <u>91,375,228</u>                   |
|  |                       |                      |                                    |                                  | <u>\$ 94,092,304</u>                |

See accompanying Notes to Basic Financial Statements.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

|  | General<br>Fund      | Debt<br>Service     | Nonmajor<br>Governmental<br>Funds | Totals               |
|--|----------------------|---------------------|-----------------------------------|----------------------|
| <b>Assets</b>  |                      |                     |                                   |                      |
| Cash and Investments   | \$ 27,494,943        | \$ 6,377,985        | \$ 13,577,428                     | \$ 47,450,356        |
| Restricted Cash and Investments  | -                    | -                   | 1,477,316                         | 1,477,316            |
| Deposit  | -                    | -                   | 90,496                            | 90,496               |
| Receivables  |                      |                     |                                   |                      |
| Property Taxes   | 1,949,188            | 101,944             | 45,058                            | 2,096,190            |
| Intergovernmental  | 12,980,539           | -                   | 924,341                           | 13,904,880           |
| Inventories  | 101,265              | -                   | 130,452                           | 231,717              |
| Due from Other Funds   | 703,540              | -                   | -                                 | 703,540              |
| Total Assets   | <u>\$ 43,279,003</u> | <u>\$ 6,479,929</u> | <u>\$ 16,245,091</u>              | <u>\$ 66,004,023</u> |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b>       |                      |                     |                                   |                      |
| <b>Liabilities</b>   |                      |                     |                                   |                      |
| Accounts Payable   | \$ 457,321           | \$ -                | \$ 145,212                        | \$ 602,533           |
| Accrued Wages and Benefits   | 1,581,933            | -                   | -                                 | 1,581,933            |
| Accrued Interest   | -                    | 865,087             | -                                 | 865,087              |
| Due to Other Funds   | -                    | -                   | 703,540                           | 703,540              |
| Matured Debt Principal Payable   | -                    | 5,115,000           | -                                 | 5,115,000            |
| Total Liabilities  | 2,039,254            | 5,980,087           | 848,752                           | 8,868,093            |
| <b>Deferred Inflows of Resources</b>   |                      |                     |                                   |                      |
| Unavailable Revenue  | 1,742,105            | 51,713              | 45,058                            | 1,838,876            |
| <b>Fund Balances</b>   |                      |                     |                                   |                      |
| Nonspendable   | 101,265              | -                   | 220,948                           | 322,213              |
| Restricted   | -                    | 448,129             | 15,130,333                        | 15,578,462           |
| Unassigned   | 39,396,379           | -                   | -                                 | 39,396,379           |
| Total Fund Balances  | <u>39,497,644</u>    | <u>448,129</u>      | <u>15,351,281</u>                 | <u>55,297,054</u>    |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> |                      |                     |                                   |                      |
|  | <u>\$ 43,279,003</u> | <u>\$ 6,479,929</u> | <u>\$ 16,245,091</u>              | <u>\$ 66,004,023</u> |

See accompanying Notes to Basic Financial Statements.



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

|  |  |               |
|--|--|---------------|
| Total Fund Balances for Governmental Funds |  | \$ 55,297,054 |
|--|--|---------------|

Total net position reported for governmental activities in the statement of net position is different because:

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

|                                |                     |             |
|--------------------------------|---------------------|-------------|
| Governmental Capital Assets    | \$ 224,876,180      |             |
| Less: Accumulated Depreciation | <u>(73,914,801)</u> | 150,961,379 |

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

|                |  |           |
|----------------|--|-----------|
| Property Taxes |  | 1,838,876 |
|----------------|--|-----------|

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

|   |  |                    |
|---|--|--------------------|
| Deferred Outflows of Resources Related to Pensions/OPEB |  | 12,389,414         |
| Deferred Inflows of Resources Related to Pensions/OPEB  |  | <u>(5,424,468)</u> |

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

|                                |                    |                      |
|--------------------------------|--------------------|----------------------|
| General Obligation Bonds       | (41,220,000)       |                      |
| Unamortized Premiums           | (1,889,211)        |                      |
| Capital Lease Payable          | (929,532)          |                      |
| Net Pension and OPEB Liability | (74,568,359)       |                      |
| Net OPEB Asset                 | 143,306            |                      |
| Compensated Absence Payable    | <u>(2,506,155)</u> | <u>(120,969,951)</u> |

|   |  |                      |
|---|--|----------------------|
| Total Net Position of Governmental Activities |  | <u>\$ 94,092,304</u> |
|---|--|----------------------|

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

|   | General<br>Fund      | Debt<br>Service   | Nonmajor<br>Governmental<br>Funds | Totals               |
|---|----------------------|-------------------|-----------------------------------|----------------------|
| <b>Revenues</b>                                   |                      |                   |                                   |                      |
| Property Taxes                                    | \$ 22,133,092        | \$ 6,572,346      | \$ -                              | \$ 28,705,438        |
| Intergovernmental                                 | 55,958,050           | -                 | 12,463,759                        | 68,421,809           |
| Food Service Sales                                | -                    | -                 | 1,401,216                         | 1,401,216            |
| Auxiliary Operations                              | 107,233              | -                 | -                                 | 107,233              |
| Contributions and Donations                       | 369,818              | -                 | 174,514                           | 544,332              |
| Investment Earnings                               | 597,090              | 112,816           | 297,461                           | 1,007,367            |
| Other   | 53,243               | -                 | 3,054,893                         | 3,108,136            |
| Total Revenues                                    | <u>79,218,526</u>    | <u>6,685,162</u>  | <u>17,391,843</u>                 | <u>103,295,531</u>   |
| <b>Expenditures</b>                               |                      |                   |                                   |                      |
| <b>Current</b>                                    |                      |                   |                                   |                      |
| Instruction                                       | 44,856,005           | -                 | 8,185,633                         | 53,041,638           |
| <b>Support Services</b>                           |                      |                   |                                   |                      |
| Students  | 7,178,732            | -                 | 231,800                           | 7,410,532            |
| Instructional Staff                               | 3,131,916            | -                 | 717,102                           | 3,849,018            |
| General Administration                            | 1,045,241            | -                 | 111,302                           | 1,156,543            |
| School Administration                             | 3,354,107            | -                 | -                                 | 3,354,107            |
| Business and Other Support Services               | 2,949,009            | 1,225             | 85,992                            | 3,036,226            |
| Operations and Maintenance of Plant               | 9,007,566            | -                 | 244,880                           | 9,252,446            |
| Student Transportation                            | 5,165,808            | -                 | 12,695                            | 5,178,503            |
| Operation of Noninstructional Services            | 145,696              | -                 | 8,037,532                         | 8,183,228            |
| <b>Debt Service</b>                               |                      |                   |                                   |                      |
| Principal Retirement                              | -                    | 5,115,000         | 102,293                           | 5,217,293            |
| Interest on Long-Term Debt                        | -                    | 1,730,175         | 28,234                            | 1,758,409            |
| Facilities Acquisition                            | 861,930              | -                 | 2,767,619                         | 3,629,549            |
| Total Expenditures                                | <u>77,696,010</u>    | <u>6,846,400</u>  | <u>20,525,082</u>                 | <u>105,067,492</u>   |
| Excess (Deficiency) of Revenues Over Expenditures | 1,522,516            | (161,238)         | (3,133,239)                       | (1,771,961)          |
| <b>Other Financing Sources (Uses)</b>             |                      |                   |                                   |                      |
| Transfers In                                      | 683,340              | -                 | 140,000                           | 823,340              |
| Transfers Out                                     | (140,000)            | -                 | (683,340)                         | (823,340)            |
| Total Other Financing Sources (Uses)              | <u>543,340</u>       | <u>-</u>          | <u>(543,340)</u>                  | <u>-</u>             |
| Net Change in Fund Balances                       | 2,065,856            | (161,238)         | (3,676,579)                       | (1,771,961)          |
| <b>Fund Balances</b>                              |                      |                   |                                   |                      |
| Beginning of Year                                 | 37,419,415           | 609,367           | 19,023,474                        | 57,052,256           |
| <b>Increase (Decrease) in Nonspendable</b>        |                      |                   |                                   |                      |
| Fund Balance for Inventories                      | 12,373               | -                 | 4,386                             | 16,759               |
| End of Year                                       | <u>\$ 39,497,644</u> | <u>\$ 448,129</u> | <u>\$ 15,351,281</u>              | <u>\$ 55,297,054</u> |

See accompanying Notes to Basic Financial Statements.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances-Total Governmental Funds \$ (1,771,961)

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

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

|   |                    |
|---|--------------------|
| Expenditure for Capital Assets                | 8,003,850          |
| Loss on Disposal of Assets                    | (142,136)          |
| Less: Depreciation Expense                    | <u>(5,992,490)</u> |
| Excess Capital Expenditures over Depreciation | 1,869,224          |

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

|                                    |                    |
|------------------------------------|--------------------|
| Unavailable Revenue - Current Year | 1,838,876          |
| Unavailable Revenue - Prior Year   | <u>(1,781,510)</u> |

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

|  |                |
|--|----------------|
| Principal Payments on General Obligation Bonds | 5,115,000      |
| Principal Payments on Capital Leases           | 102,293        |
| Amortization of Premium                        | <u>222,790</u> |

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

|                            |                    |
|----------------------------|--------------------|
| Pension/OPEB Contributions | 7,070,759          |
| Pension/OPEB Expense       | <u>(9,862,337)</u> |

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

|                                |               |
|--------------------------------|---------------|
| Change in Compensated Absences | (102,817)     |
| Change in Inventory Balances   | <u>16,759</u> |

|   |                            |
|---|----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 2,717,076</u></u> |
|---|----------------------------|

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**STATEMENT OF FIDUCIARY FUND NET POSITION**  
**JUNE 30, 2020**

|                       | <u>Agency Fund</u>      |
|-----------------------|-------------------------|
| <b>Assets</b>         |                         |
| Current Assets        |                         |
| Cash and Investments  | <u>\$        47,021</u> |
| <b>Liabilities</b>    |                         |
| Current Liabilities   |                         |
| Due to Student Groups | <u>\$        47,021</u> |

*See accompanying Notes to Basic Financial Statements.*

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available when cash is received by the government.

The District reports the following major governmental funds:

*Major Governmental Funds*

The *General Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within four subsections titled regular education programs, special education programs, pupil transportation, and K-3 Reading.

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

Additionally, the District reports the following fund type:

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

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



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

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

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

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

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

**1. Deposits and Investments**

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

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

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

A.R.S. requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102% of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**2. Restricted Cash and Investments**

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

**3. Deposits**

The District has \$90,496 in deposits with Mohave Educational Services Cooperative, Inc. (Mohave) through an agreement in which Mohave provides purchasing services for the food service program.

**4. Property Taxes Receivable**

Maricopa County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

**5. Intergovernmental Receivable**

Intergovernmental receivables account for federal and state grants earned, but not yet received at year-end and include federal grants in aid (\$189,932), state instructional improvement funds (\$266,782), state classroom site funds (\$447,427), state building renewal grants in aid (\$20,200), and state equalization and additional state aid (\$12,980,539).

**6. Inventories**

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**7. Interfund Receivables and Payables**

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

**8. Capital Assets**

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

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

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

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

**9. Deferred Outflows of Resources**

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**10. Compensated Absences**

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

**11. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt and the premium are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures/expenses in the fund and government-wide financial statements, respectively.

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

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**13. Deferred Inflows of Resources**

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2020, or within 60 days of fiscal year-end. The deferred inflows of resources represent a reconciling item between the governmental fund and the government-wide financial statements.

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

**14. Net Position**

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

The government-wide financial statements report \$14,668,147 of restricted net position, none of which is restricted by enabling legislation.

**15. Fund Balances**

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

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**15. Fund Balances (Continued)**

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

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

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

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**15. Fund Balances (Continued)**

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

The District has classified its fund balances as follows:

|                           | General<br>Fund | Debt<br>Service<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------|-----------------|-------------------------|-----------------------------------|--------------------------------|
| <b>Fund Balances:</b>     |                 |                         |                                   |                                |
| <b>Nonspendable:</b>      |                 |                         |                                   |                                |
| Deposits                  | \$ -            | \$ -                    | \$ 90,496                         | \$ 90,496                      |
| Inventories               | 101,265         | -                       | 130,452                           | 231,717                        |
|                           | 101,265         | -                       | 220,948                           | 322,213                        |
| <b>Restricted:</b>        |                 |                         |                                   |                                |
| Instructional Improvement | -               | -                       | 1,080,555                         | 1,080,555                      |
| Classroom Site            | -               | -                       | 3,632,605                         | 3,632,605                      |
| Federal and State Grants  | -               | -                       | 1,132,418                         | 1,132,418                      |
| Food Service              | -               | -                       | 1,618,103                         | 1,618,103                      |
| Other Special Revenues    |                 |                         |                                   |                                |
| Civic Center              | -               | -                       | 3,428,854                         | 3,428,854                      |
| Community School          | -               | -                       | 1,918,231                         | 1,918,231                      |
| Noninstructional Programs | -               | -                       | 474,580                           | 474,580                        |
| Other                     | -               | -                       | 257,668                           | 257,668                        |
| Capital Projects          | -               | -                       | 1,587,319                         | 1,587,319                      |
| Debt Service              | -               | 448,129                 | -                                 | 448,129                        |
|                           | -               | 448,129                 | 15,130,333                        | 15,578,462                     |
| <b>Unassigned</b>         | 39,396,379      | -                       | -                                 | 39,396,379                     |
| <b>Total Fund Balance</b> | \$ 39,497,644   | \$ 448,129              | \$ 15,351,281                     | \$ 55,297,054                  |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2020 consist of the following:

|                                       |                             |
|---------------------------------------|-----------------------------|
| Deposits:                             |                             |
| Cash in Bank                          | \$ 1,637,289                |
| Investments:                          |                             |
| Cash on Deposit with County Treasurer | 47,337,404                  |
| Total Deposits and Investments        | <u>48,974,693</u>           |
| Less: Restricted Cash and Investments | (1,477,316)                 |
| Less: Fiduciary Fund                  | (47,021)                    |
| Total Cash and Investments            | <u><u>\$ 47,450,356</u></u> |

**Deposits**

The District's deposits at June 30, 2020 had a carrying value of \$1,637,289 and a bank balance of \$1,747,072. The bank balance was covered by federal depository insurance or collateral held by the financial institution in the District's name.

**Investments**

At June 30, 2020, the District's investments were reported at fair value. The District's investments included only cash on deposit with the County Treasurer.

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

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

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



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**A. Assets (Continued)**

**2. Restricted Cash and Investments**

Restricted cash and investments at June 30, 2020 consisted of \$1,477,316 of unspent bond proceeds reported in the Bond Building Fund. The unspent bond proceeds are on deposit with the County Treasurer and are restricted to school improvements, construction, pupil transportation vehicles, equipment, and apparatus for the new schools and related bond issuance costs.

**3. Receivables**

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

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

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

|                                      | <u>Unavailable</u> |
|--------------------------------------|--------------------|
| Delinquent Property Taxes Receivable |                    |
| General Fund                         | \$ 1,742,105       |
| Debt Service Fund                    | 51,713             |
| Nonmajor Governmental Funds          | 45,058             |
| Total                                | \$ 1,838,876       |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**A. Assets (Continued)**

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:

|   | Beginning<br>Balance  | Increases            | Decreases              | Ending<br>Balance     |
|---|-----------------------|----------------------|------------------------|-----------------------|
| <b>Governmental Activities:</b>                 |                       |                      |                        |                       |
| Capital Assets, Not Being Depreciated:          |                       |                      |                        |                       |
| Land  | \$ 20,161,037         | \$ 2,400,000         | \$ -                   | \$ 22,561,037         |
| Construction in Progress                        | 17,221,929            | 2,341,882            | (19,216,469)           | 347,342               |
| Total Capital Assets,<br>Not Being Depreciated  | 37,382,966            | 4,741,882            | (19,216,469)           | 22,908,379            |
| Capital Assets, Being Depreciated:              |                       |                      |                        |                       |
| Land Improvements                               | 5,306,388             | 1,249,836            | -                      | 6,556,224             |
| Buildings and Building Improvements             | 162,238,597           | 19,371,928           | (382,782)              | 181,227,743           |
| Furniture, Equipment, and Vehicles              | 12,460,492            | 1,856,673            | (133,331)              | 14,183,834            |
| Total Capital Assets,<br>Being Depreciated      | 180,005,477           | 22,478,437           | (516,113)              | 201,967,801           |
| Accumulated Depreciation for:                   |                       |                      |                        |                       |
| Land Improvements                               | (3,363,485)           | (234,509)            | -                      | (3,597,994)           |
| Buildings and Building Improvements             | (58,500,891)          | (4,751,823)          | 245,187                | (63,007,527)          |
| Furniture, Equipment, and Vehicles              | (6,431,912)           | (1,006,158)          | 128,790                | (7,309,280)           |
| Total Accumulated Depreciation                  | (68,296,288)          | (5,992,490)          | 373,977                | (73,914,801)          |
| Total Capital Assets, Being<br>Depreciated, Net | 111,709,189           | 16,485,947           | (142,136)              | 128,053,000           |
| Governmental Activities<br>Capital Assets, Net  | <u>\$ 149,092,155</u> | <u>\$ 21,227,829</u> | <u>\$ (19,358,605)</u> | <u>\$ 150,961,379</u> |

Depreciation expense was charged to functions/programs as follows:

|  |                     |
|--|---------------------|
| <b>Governmental Activities:</b>        |                     |
| Instruction                            | \$ 4,664,026        |
| Support Services:                      |                     |
| Students                               | 26,514              |
| Instructional Staff                    | 1,813               |
| General Administration                 | 2,705               |
| Business and Other Support Services    | 166,673             |
| Operations and Maintenance of Plant    | 76,317              |
| Student Transportation                 | 815,409             |
| Operation of Noninstructional Services | 239,033             |
| Total                                  | <u>\$ 5,992,490</u> |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**A. Assets (Continued)**

**5. Construction Commitments**

At June 30, 2020, the District had active construction commitments for projects currently in progress. Those construction commitments are as follows:

| Project                           | Governmental Activities |                         |
|-----------------------------------|-------------------------|-------------------------|
|                                   | Spent-to<br>Date        | Remaining<br>Commitment |
| Energy Management                 |                         |                         |
| Dreaming Summit Elementary School | \$ 94,867               | \$ 11,586               |
| Verrado Elementary School         | 119,367                 | 6,109                   |
| Mabel Padgett Elementary School   | 105,367                 | 10,729                  |
| Total                             | <u>\$ 319,601</u>       | <u>\$ 28,424</u>        |

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

As of June 30, 2020 interfund receivable and payables were as follows:

| Due To       | Due From                          |
|--------------|-----------------------------------|
|              | Nonmajor<br>Governmental<br>Funds |
| General Fund | <u>\$ 703,540</u>                 |

The above interfund receivable and payable were recorded to reflect cash transfers between the General Fund and Nonmajor Governmental Funds to transfer indirect cost funds for the fiscal year ended June 30, 2020 and were the result of timing of the transfers (\$683,340) and to eliminate deficit cash in the nonmajor building renewal fund (\$20,200). The cash balances were transferred in fiscal year 2020-21 for the indirect costs and cash was received subsequent to June 30, 2020 in the building renewal fund to cover the deficit cash balance.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

Interfund transfers for the year ended June 30, 2020 consisted of the following:

| Transfers In                | Transfers<br>Out |                                   |            |
|-----------------------------|------------------|-----------------------------------|------------|
|                             | General<br>Funds | Nonmajor<br>Governmental<br>Funds | Total      |
| General Fund                | \$ -             | \$ 683,340                        | \$ 683,340 |
| Nonmajor Governmental Funds | 140,000          | -                                 | 140,000    |
| Total                       | \$ 140,000       | \$ 683,340                        | \$ 823,340 |

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

The transfer from the Nonmajor Governmental Funds to the General Fund was made to record the indirect costs of federal grants. The Arizona Department of Education approved a maximum indirect cost rate of 3.09% restricted and 25.00% nonrestricted. The District did not exceed the maximum indirect cost rates during the fiscal year.

**C. Line of Credit**

The District has an available line of credit through direct borrowings in the amount of \$5,000,000 with a local financial institution. The District did not draw upon the line of credit during the fiscal year and had a balance due of \$-0- at June 30, 2020.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Obligations Under Leases**

The District entered into a lease agreement as a lessee for financing the acquisition of energy efficient climate control systems. The lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the net present value of future minimum lease payments as of the inception date. The utility cost savings generated from the implementation of the energy control systems will be used to fund the capital lease obligation. As of June 30, 2020, \$1,506,012 in assets has been purchased by the District and has been capitalized as buildings and improvements. Accumulated depreciation on the assets at June 30, 2020 is \$645,451.

The future minimum lease obligations and the net present value of lease payments through June 30, 2020 were as follows:

| <u>Year Ending June 30,</u>             | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| 2021                                    | \$ 130,527                         |
| 2022                                    | 130,527                            |
| 2023                                    | 130,527                            |
| 2024                                    | 130,527                            |
| 2025                                    | 130,527                            |
| 2026-28                                 | <u>391,581</u>                     |
| Total Minimum Lease Payments            | 1,044,216                          |
| Less: Amount Representing Interest      | <u>(114,684)</u>                   |
| Present Value of Minimum Lease Payments | <u><u>\$ 929,532</u></u>           |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**E. Long-Term Obligations**

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

General obligation bonds currently outstanding are as follows:

| Purpose  | Interest<br>Rate | Maturity<br>Dates | Amount<br>Outstanding |
|--|------------------|-------------------|-----------------------|
| School Improvement Bonds, Project 2006<br>Original Amount \$10,500,000 | 2.00-5.00%       | 7/1/20-22         | \$ 4,200,000          |
| School Improvement Bonds, Project 2009<br>Original Amount \$10,325,000 | 2.00-5.00        | 7/1/20-23         | 6,605,000             |
| School Improvement Bonds, Series 2015<br>Original Amount \$15,675,000  | 2.00-4.00        | 7/1/20-30         | 13,575,000            |
| School Improvement Bonds, Series 2016<br>Original Amount \$6,000,000   | 1.00-3.50        | 7/1/20-30         | 3,955,000             |
| School Improvement Bonds, Series 2018<br>Original Amount \$14,760,000  | 2.00-4.00        | 7/1/20-30         | <u>12,885,000</u>     |
| Total General Obligation Bonds Payable                                 |                  |                   | <u>\$ 41,220,000</u>  |

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

|                          | Beginning<br>of Year | Additions         | Retirements           | End of<br>Year       | Due within<br>One Year |
|--------------------------|----------------------|-------------------|-----------------------|----------------------|------------------------|
| Governmental Activities: |                      |                   |                       |                      |                        |
| Bonds Payable:           |                      |                   |                       |                      |                        |
| General Obligation Bonds | \$ 46,335,000        | \$ -              | \$ (5,115,000)        | \$ 41,220,000        | \$ 4,835,000           |
| Premium on Bonds         | 2,112,001            | -                 | (222,790)             | 1,889,211            | -                      |
| Total Bonds Payable      | <u>48,447,001</u>    | <u>-</u>          | <u>(5,337,790)</u>    | <u>43,109,211</u>    | <u>4,835,000</u>       |
| Other Liabilities:       |                      |                   |                       |                      |                        |
| Capital Lease Obligation | 1,031,825            | -                 | (102,293)             | 929,532              | 105,183                |
| Compensated Absences     | 2,403,338            | 671,707           | (568,890)             | 2,506,155            | 564,871                |
| Total Other Liabilities  | <u>3,435,163</u>     | <u>671,707</u>    | <u>(671,183)</u>      | <u>3,435,687</u>     | <u>670,054</u>         |
| Total Debt               | <u>\$ 51,882,164</u> | <u>\$ 671,707</u> | <u>\$ (6,008,973)</u> | <u>\$ 46,544,898</u> | <u>\$ 5,505,054</u>    |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

Debt service requirements on long-term debt at June 30, 2020 are as follows:

| <u>Year Ending June 30,</u> | <u>Bond</u>          |                     |
|-----------------------------|----------------------|---------------------|
|                             | <u>Principal</u>     | <u>Interest</u>     |
| 2021                        | \$ 4,835,000         | \$ 1,552,625        |
| 2022                        | 5,300,000            | 1,362,925           |
| 2023                        | 5,705,000            | 1,142,925           |
| 2024                        | 5,050,000            | 906,425             |
| 2025                        | 5,395,000            | 738,175             |
| 2026-2030                   | 14,935,000           | 1,732,475           |
| Totals                      | <u>\$ 41,220,000</u> | <u>\$ 7,435,550</u> |

**NOTE 3 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Contingent Liabilities**

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

The spread of novel strain of coronavirus (COVID-19) in 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on schools, employees and vendors, all of which are uncertain and cannot be determined at this time.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans**

**Cost-Sharing Pension and OPEB Plans**

At June 30, 2020, the District reported the following related to pensions and OPEB to which it contributes:

| <u>Statement of Net Position and Statement of Activities</u> | ASRS<br>Pension | ASRS<br>OPEB | Governmental<br>Activities |
|--|-----------------|--------------|----------------------------|
| Net Pension and OPEB Asset                                   | \$ -            | \$ 143,306   | \$ 143,306                 |
| Net Pension and OPEB Liability                               | 74,232,761      | 335,598      | 74,568,359                 |
| Deferred Outflows of Resources                               | 11,618,137      | 771,277      | 12,389,414                 |
| Deferred Inflows of Resources                                | 5,056,155       | 368,313      | 5,424,468                  |
| Pension and OPEB Expense                                     | 9,570,425       | 291,912      | 9,862,337                  |

**Arizona State Retirement System**

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

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

|  | Before<br>July 1, 2011  | On or After<br>July 1, 2011   |
|--|---|---|
| Years of Service<br>and Age Required<br>to Receive Benefit | Sum of Years and Age Equals 80<br>10 Years, Age 62<br>5 Years, Age 50*<br>Any Years, Age 65 | 30 Years, Age 55<br>25 Years, Age 60<br>10 Years, Age 62<br>5 Years, Age 50*<br>Any Years, Age 65 |
| Final Average<br>Salary is Based on                        | Highest 36 Consecutive<br>Months of Last 120 Months   | Highest 60 Consecutive<br>Months of Last 120 Months   |
| Benefit Percentage<br>Per Year of Service                  | 2.1% to 2.3%  | 2.1% to 2.3%  |

\* With Actuarially Reduced Benefits



**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment 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.

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

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

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

In addition, the District was required by statute to contribute at the actuarially determined rate of 10.41% (10.29% for retirement, 0.05% for health insurance premium benefit, and 0.07% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to ASRS would typically be fill.

The District's contributions to the pension plan, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020 were \$6,685,400, \$286,100, and \$99,259, respectively.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

During the fiscal year ended June 30, 2020, the District paid for ASRS pension and OPEB contributions as follows: 80% from the General Fund and 20% from other funds.

**Liability** – The net asset and net liabilities were measured as of June 30, 2019. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The District’s proportion of the net asset or net liability was based on the District’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2019, and the change from its proportions measured as of June 30, 2018.

At June 30, 2020, the District reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability

|                                  | Net<br>Pension/OPEB<br>(Asset) Liability |
|----------------------------------|--|
| Pension                          | \$ 74,232,761                            |
| Health Insurance Premium Benefit | (143,306)                                |
| Long-Term Disability             | 335,598                                  |

The District’s proportionate share of the net asset or net liability for the year ended 2019, and the change from its proportions measured as of June 30, 2018 were:

|                                  | Proportion<br>June 30, 2019 | Increase (Decrease)<br>from<br>June 30, 2018 |
|----------------------------------|-----------------------------|--|
| Pension                          | 0.51015%                    | 0.03240                                      |
| Health Insurance Premium Benefit | 0.51856                     | 0.03456                                      |
| Long-Term Disability             | 0.51516                     | 0.03650                                      |

**Expense** – For the year ended June 30, 2020, the District recognized the following pension and OPEB expense.

|                                  | Pension/OPEB<br>Expense |
|----------------------------------|-------------------------|
| Pension                          | \$ 9,570,425            |
| Health Insurance Premium Benefit | 181,380                 |
| Long-Term Disability             | 110,532                 |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Deferred Outflows/Inflows of Resources** – At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

|  | Pension                           |                                  |
|--|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences Between Expected and Actual Experience   | \$ 1,341,034                      | \$ 13,956                        |
| Changes of Assumptions or Other Inputs   | 313,784                           | 2,956,094                        |
| Net Difference Between Projected and Actual Earnings<br>on Pension Plan Investments  | -                                 | 1,668,496                        |
| Changes in Proportion and Differences Between District's<br>Contributions and Proportionate Share of Contributions<br>Contributions Subsequent to the Measurement Date | 3,277,919<br>6,685,400            | 417,609<br>-                     |
| Total  | <u>\$ 11,618,137</u>              | <u>\$ 5,056,155</u>              |
|  | Health Benefit Supplement         |                                  |
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences Between Expected and Actual Experience   | \$ -                              | \$ 171,305                       |
| Changes of Assumptions or Other Inputs   | 281,823                           | -                                |
| Net Difference Between Projected and Actual Earnings<br>on Pension Plan Investments  | -                                 | 186,360                          |
| Changes in Proportion and Differences Between District's<br>Contributions and Proportionate Share of Contributions<br>Contributions Subsequent to the Measurement Date | -<br>286,100                      | 892<br>-                         |
| Total  | <u>\$ 567,923</u>                 | <u>\$ 358,557</u>                |
|  | Long-term Disability              |                                  |
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences Between Expected and Actual Experience   | \$ 39,649                         | \$ -                             |
| Changes of Assumptions or Other Inputs   | 50,205                            | -                                |
| Net Difference Between Projected and Actual Earnings<br>on Pension Plan Investments  | -                                 | 7,159                            |
| Changes in Proportion and Differences Between District's<br>Contributions and Proportionate Share of Contributions<br>Contributions Subsequent to the Measurement Date | 14,241<br>99,259                  | 2,597<br>-                       |
| Total  | <u>\$ 203,354</u>                 | <u>\$ 9,756</u>                  |

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

| <u>Year Ending June 30,</u> | <u>Pension</u> | <u>Health Insurance<br/>Premium Benefit</u> | <u>Long-Term<br/>Disability</u> |
|-----------------------------|----------------|---|---------------------------------|
| 2021                        | \$ 238,226     | \$ (62,262)                                 | \$ 9,694                        |
| 2022                        | (488,091)      | (62,262)                                    | 9,695                           |
| 2023                        | (320,422)      | 17,213                                      | 16,678                          |
| 2024                        | 446,869        | 34,651                                      | 17,959                          |
| 2025                        | -              | (4,074)                                     | 15,298                          |
| Thereafter                  | -              | -   | 25,015                          |

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

|                             |  |
|-----------------------------|--|
| Actuarial Valuation Date    | June 30, 2018  |
| Actuarial Roll Forward Date | June 30, 2019  |
| Actuarial Cost Method       | Entry Age Normal   |
| Discount Rate               | 7.5%   |
| Projected Salary Increases  | 2.7 - 7.2% for pensions/not applicable for OPEB              |
| Inflation                   | 2.3%   |
| Permanent Benefit Increase  | Included for pensions/not applicable for OPEB                |
| Mortality Rates             | 2017 SRA Scale U-MP for pension and health insurance premium |
| Recover Rate                | 2012 GLDT for long-term disability                           |
| Healthcare Cost Trend Rate  | Not applicable   |

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.50% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

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

| Asset Class                   | Target<br>Allocation | Long-Term<br>Expected Real<br>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>         |  |

**Discount Rate** – The discount rate used to measure the ASRS total pension/OBEB liability was 7.50%. 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 statutes. 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OBEB liability.

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

|  | 1% Decrease<br>(6.5%) | Current Discount<br>Rate<br>(7.5%) | 1% Increase<br>(8.5%) |
|--|-----------------------|------------------------------------|-----------------------|
| District's Proportionate Share of the<br>Net Pension Liability | \$ 105,650,413        | \$ 74,232,761                      | \$ 47,975,689         |
| Net Health Benefit Supplement Liability (Asset)                | 725,913               | (143,306)                          | (883,924)             |
| Net Long-Term Disability Liability                             | 371,416               | 335,598                            | 300,867               |

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

**Contributions Payable** – The District's accrued payroll and employee benefits included \$-0- of outstanding pension and OPEB contributions amounts payable to ASRS for the year ended June 30, 2020.

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

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN THE MD&A**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2020**

|  | Budgeted Amounts |                 | Actual        | Variance With<br>Final Budget |
|--|------------------|-----------------|---------------|-------------------------------|
|  | Original         | Final           |               |                               |
| <b>Revenues</b>  |                  |                 |               |                               |
| Property Taxes   | \$ -             | \$ -            | \$ 21,396,240 | \$ 21,396,240                 |
| Intergovernmental  | -                | -               | 50,540,926    | 50,540,926                    |
| Investment Earnings                                      | -                | -               | 100,338       | 100,338                       |
| Other  | -                | -               | (44,637)      | (44,637)                      |
| Total Revenues   | -                | -               | 71,992,867    | 71,992,867                    |
| <b>Expenditures</b>                                      |                  |                 |               |                               |
| <b>Regular Education</b>                                 |                  |                 |               |                               |
| Instruction  | 35,820,626       | 36,528,782      | 33,269,522    | 3,259,260                     |
| Support Services - Students                              | 3,110,948        | 3,212,948       | 3,119,370     | 93,578                        |
| Support Services - Instructional Staff                   | 2,071,219        | 2,179,219       | 1,905,430     | 273,789                       |
| Support Services - General Administration                | 826,371          | 776,371         | 727,465       | 48,906                        |
| Support Services - School Administration                 | 3,170,213        | 3,170,213       | 3,018,845     | 151,368                       |
| Support Services - Business and Other                    | 2,704,485        | 2,756,485       | 2,551,403     | 205,082                       |
| Operations and Maintenance of Plant                      | 9,667,108        | 10,017,108      | 8,658,049     | 1,359,059                     |
| Operation of Noninstructional Services                   | 1,200            | 600             | -             | 600                           |
| School-Sponsored Cocurricular Activities                 | 88,408           | 88,408          | 64,949        | 23,459                        |
| School-Sponsored Athletics                               | 153,818          | 159,818         | 123,137       | 36,681                        |
| Total Regular Education                                  | 57,614,396       | 58,889,952      | 53,438,170    | 5,451,782                     |
| <b>Special Education</b>                                 |                  |                 |               |                               |
| Instruction  | 7,827,405        | 8,799,405       | 7,761,700     | 1,037,705                     |
| Support Services - Students                              | 3,869,896        | 4,165,396       | 3,819,850     | 345,546                       |
| Support Services - Instructional Staff                   | 598,669          | 668,219         | 617,485       | 50,734                        |
| Support Services - General Administration                | 174,515          | 178,115         | 175,385       | 2,730                         |
| Support Services - School Administration                 | 126,212          | 126,312         | 94,134        | 32,178                        |
| Support Services - Business and Other                    | 13,266           | 13,266          | 6,164         | 7,102                         |
| Operations and Maintenance of Plant                      | 13,400           | 15,400          | 11,004        | 4,396                         |
| Total Special Education                                  | 12,623,363       | 13,966,113      | 12,485,722    | 1,480,391                     |
| <b>Pupil Transportation</b>                              |                  |                 |               |                               |
| Student Transportation Services                          | 3,873,504        | 3,873,504       | 3,587,140     | 286,364                       |
| K-3 Reading  | 591,777          | 597,530         | 597,500       | 30                            |
| Total Expenditures                                       | 74,703,040       | 77,327,099      | 70,108,532    | 7,218,567                     |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> |                  |                 |               |                               |
|  | (74,703,040)     | (77,327,099)    | 1,884,335     | 79,211,434                    |
| <b>Other Financing Sources (Uses)</b>                    |                  |                 |               |                               |
| Transfers Out  | -                | -               | (140,000)     | (140,000)                     |
| Net Change in Fund Balance                               | (74,703,040)     | (77,327,099)    | 1,744,335     | 79,071,434                    |
| <b>Fund Balance</b>                                      |                  |                 |               |                               |
| Beginning of Year  | -                | -               | 6,930,484     | 6,930,484                     |
| Fund Balance for Inventories                             | -                | -               | 12,373        | 12,373                        |
| End of Year  | \$ (74,703,040)  | \$ (77,327,099) | \$ 8,687,192  | \$ 86,014,291                 |

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

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

| ASRS - Pension   | Reporting Fiscal Year<br>(Measurement Date) |                |                |
|--|---|----------------|----------------|
|  | 2020<br>(2019)                              | 2019<br>(2018) | 2018<br>(2017) |
| District's Proportion of the Net Pension Liability   | 0.510150%                                   | 0.477750%      | 0.485670%      |
| District's Proportionate Share of the Net Pension Liability  | \$ 74,232,761                               | \$ 66,629,312  | \$ 75,657,919  |
| District's Covered Payroll   | \$ 52,227,848                               | \$ 47,487,001  | \$ 47,830,468  |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 142.13%                                     | 140.31%        | 158.18%        |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                         | 73.24%                                      | 73.40%         | 69.92%         |

| ASRS - Health Insurance Premium Benefit   | Reporting Fiscal Year<br>(Measurement Date) |                |                |
|---|---|----------------|----------------|
|   | 2020<br>(2019)                              | 2019<br>(2018) | 2018<br>(2017) |
| District's Proportion of the Net OPEB Liability (Asset)   | 0.518560%                                   | 0.484000%      | 0.489930%      |
| District's Proportionate Share of the Net OPEB Liability (Asset)  | \$ (143,306)                                | \$ (174,284)   | \$ (266,718)   |
| District's Covered Payroll  | \$ 52,227,848                               | \$ 47,487,001  | \$ 47,830,468  |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | -0.27%                                      | -0.37%         | -0.56%         |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)                         | 101.62%                                     | 102.20%        | 103.57%        |

| ASRS - Long-term Disability   | Reporting Fiscal Year<br>(Measurement Date) |                |                |
|---|---|----------------|----------------|
|   | 2020<br>(2019)                              | 2019<br>(2018) | 2018<br>(2017) |
| District's Proportion of the Net OPEB Liability (Asset)   | 0.515160%                                   | 0.478660%      | 0.486450%      |
| District's Proportionate Share of the Net OPEB Liability (Asset)  | \$ 335,598                                  | \$ 250,102     | \$ 176,327     |
| District's Covered Payroll  | \$ 52,227,848                               | \$ 47,487,001  | \$ 47,830,468  |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 0.64%                                       | 0.53%          | 0.37%          |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)                         | 72.85%                                      | 77.83%         | 84.44%         |

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

| Reporting Fiscal Year<br>(Measurement Date) |                |                |                |
|---|----------------|----------------|----------------|
| 2017<br>(2016)                              | 2016<br>(2015) | 2015<br>(2014) | 2014<br>(2013) |
| 0.472470%                                   | 0.458590%      | 0.437988%      | 0.427241%      |
| \$ 76,261,404                               | \$ 71,431,652  | \$ 64,807,380  | \$ 71,026,060  |
| \$ 44,687,444                               | \$ 42,321,907  | \$ 39,528,352  | N/A            |
| 170.66%                                     | 168.78%        | 163.95%        | N/A            |
| 67.06%                                      | 68.35%         | 69.49%         | N/A            |

| Reporting Fiscal Year<br>(Measurement Date) |
|---|
| 2017<br>(2016)                              |
| 0.004899%                                   |
| \$ 141,666                                  |
| \$ 44,687,444                               |
| 0.32%                                       |
| N/A   |

| Reporting Fiscal Year<br>(Measurement Date) |
|---|
| 2017<br>(2016)                              |
| 0.486449%                                   |
| \$ 174,812                                  |
| \$ 44,687,444                               |
| 0.39%                                       |
| N/A   |

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

| ASRS - Pension   | 2020             | 2019             | 2018             |
|--|------------------|------------------|------------------|
| Statutorily Required Contribution                                  | \$ 6,685,400     | \$ 6,012,774     | \$ 5,134,959     |
| Contributions in Relation to the Statutorily Required Contribution | <u>6,685,400</u> | <u>6,012,774</u> | <u>5,134,959</u> |
| Contribution Deficiency (Excess)                                   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's Covered Payroll   | \$ 61,661,995    | \$ 52,227,848    | \$ 47,487,001    |
| Contributions as a Percentage of Covered Payroll                   | 10.84%           | 11.51%           | 10.81%           |
|  |                  |                  |                  |
| ASRS - Health Insurance Premium Benefit                            | 2020             | 2019             | 2018             |
| Statutorily Required Contribution                                  | \$ 286,100       | \$ 247,395       | \$ 207,283       |
| Contributions in Relation to the Statutorily Required Contribution | <u>286,100</u>   | <u>247,395</u>   | <u>207,283</u>   |
| Contribution Deficiency (Excess)                                   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's Covered Payroll   | \$ 61,661,995    | \$ 52,227,848    | \$ 47,487,001    |
| Contributions as a Percentage of Covered Payroll                   | 0.46%            | 0.47%            | 0.44%            |
|  |                  |                  |                  |
| ASRS - Long-term Disability  | 2020             | 2019             | 2018             |
| Statutorily Required Contribution                                  | \$ 99,259        | \$ 86,050        | \$ 75,375        |
| Contributions in Relation to the Statutorily Required Contribution | <u>99,259</u>    | <u>86,050</u>    | <u>75,375</u>    |
| Contribution Deficiency (Excess)                                   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's Covered Payroll   | \$ 61,661,995    | \$ 52,227,848    | \$ 47,487,001    |
| Contributions as a Percentage of Covered Payroll                   | 0.16%            | 0.16%            | 0.16%            |

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

| <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|------------------|------------------|------------------|------------------|
| \$ 5,106,671     | \$ 4,799,916     | \$ 4,599,924     | \$ 4,224,528     |
| <u>5,106,671</u> | <u>4,799,916</u> | <u>4,599,924</u> | <u>4,224,528</u> |
| <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| \$ 47,830,468    | \$ 44,687,444    | \$ 42,321,907    | \$ 39,528,352    |
| 10.68%           | 10.74%           | 10.87%           | 10.69%           |

| <u>2017</u>    |
|----------------|
| \$ 263,749     |
| <u>263,749</u> |
| <u>\$ -</u>    |
| \$ 47,830,468  |
| 0.55%          |

| <u>2017</u>   |
|---------------|
| \$ 66,158     |
| <u>66,158</u> |
| <u>\$ -</u>   |
| \$ 47,830,468 |
| 0.14%         |

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER THAN THE MD&A**  
**JUNE 30, 2020**

**NOTE 1 BASIS OF ACCOUNTING**

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

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

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

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

No supplementary budgetary appropriations were necessary during the year.

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER THAN THE MD&A**  
**JUNE 30, 2020**

**NOTE 3 BUDGETARY COMPARISON SCHEDULE RECONCILIATION**

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

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

|   | <u>Total<br/>Revenues</u> | <u>Total<br/>Expenditures</u> | <u>Other<br/>Financing<br/>Sources<br/>and Uses</u> | <u>Fund Balance<br/>Beginning of<br/>Year</u> | <u>Fund Balance<br/>End of Year</u> |
|---|---------------------------|-------------------------------|---|---|-------------------------------------|
| Statement of Revenues, Expenditures,<br>and Changes in Fund Balance                               | \$ 79,218,526             | \$ 77,696,010                 | \$ 543,340  | \$ 37,419,415                                 | \$ 39,497,644                       |
| Non Maintenance and Operation<br>Activity Included in General Fund                                | (7,225,659)               | (7,642,497)                   | (683,340)   | (24,086,943)                                  | (24,353,445)                        |
| Current Year Prepaid Items  | -                         | 6,457,007                     | -   | -   | (6,457,007)                         |
| Items Prepaid in a Prior Fiscal Year<br>that were Reported as Expenditures<br>in the Current Year | -                         | (6,401,988)                   | -   | (6,401,988)                                   | -                                   |
| Budgetary Comparison Schedule -<br>General Fund   | <u>\$ 71,992,867</u>      | <u>\$ 70,108,532</u>          | <u>\$(140,000)</u>                                  | <u>\$ 6,930,484</u>                           | <u>\$ 8,687,192</u>                 |

**NOTE 4 COST SHARING PLAN**

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



**STATISTICAL SECTION  
(UNAUDITED)**

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

| Fiscal<br>Year | ADM    | Increase/<br>(Decrease) | Percent<br>Change |
|----------------|--------|-------------------------|-------------------|
| 2019-20        | 10,881 | 208                     | 1.95%             |
| 2018-19        | 10,673 | (93)                    | -0.86%            |
| 2017-18        | 10,766 | 24                      | 0.22%             |
| 2016-17        | 10,742 | 124                     | 1.17%             |
| 2015-16        | 10,618 | 70                      | 0.66%             |
| 2014-15        | 10,548 | 375                     | 3.69%             |
| 2013-14        | 10,173 | 332                     | 3.37%             |
| 2012-13        | 9,841  | 195                     | 2.02%             |
| 2011-12        | 9,646  | (78)                    | -0.80%            |
| 2010-11        | 9,724  | 323                     | 3.44%             |

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

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

| Fiscal Year | Estimated Actual Valuation | Assessed Valuation |                  | Percent of Assessed Valuation of Estimated Actual Valuation |           |
|-------------|----------------------------|--------------------|------------------|---|-----------|
|             |                            | Primary            | Secondary        | Primary   | Secondary |
| 2019-20     | \$ 9,171,061,802           | \$ 902,684,659     | \$ 1,144,341,142 | 9.84 %  | 12.48 %   |
| 2018-19     | 8,384,535,866              | 819,761,974        | 1,038,122,141    | 9.78  | 12.38     |
| 2017-18     | 7,805,296,915              | 756,560,104        | 940,968,475      | 9.69  | 12.06     |
| 2016-17     | 7,259,879,120              | 703,245,154        | 860,154,054      | 9.69  | 11.85     |
| 2015-16     | 6,786,726,616              | 661,374,248        | 780,369,365      | 9.75  | 11.50     |
| 2014-15     | 5,639,986,190              | 619,728,002        | 652,775,053      | 10.99   | 11.57     |
| 2013-14     | 4,822,640,096              | 570,004,892        | 577,493,266      | 11.82   | 11.97     |
| 2012-13     | 5,901,935,374              | 579,584,448        | 584,148,304      | 9.82  | 9.90      |
| 2011-12     | 5,274,896,125              | 640,228,935        | 644,383,622      | 12.14   | 12.22     |
| 2010-11     | 6,302,727,958              | 754,076,852        | 782,205,291      | 11.96   | 12.41     |

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

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

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

**NET LIMITED ASSESSED VALUATION BY PROPERTY CLASSIFICATION**

| Fiscal Year | Mines, Utilities and Commercial | Agriculture and Vacant | Primary Residential Property | Lease or Rented Residential | Railroad and Airlines | Historical Property | Certain Government Property Improvements | Total          |
|-------------|---------------------------------|------------------------|------------------------------|-----------------------------|-----------------------|---------------------|--|----------------|
| 2019-20     | \$ 146,494,216                  | \$ 44,547,887          | \$ 517,428,655               | \$ 189,018,350              | \$ 82,344             | \$ 5,080,611        | \$ 32,596                                | \$ 902,684,659 |
| 2018-19     | 124,348,501                     | 42,677,930             | 479,236,166                  | 168,331,682                 | 78,776                | 5,050,475           | 38,444                                   | 819,761,974    |
| 2017-18     | 111,515,456                     | 41,463,889             | 440,246,523                  | 157,773,008                 | 185,002               | 5,339,613           | 36,613                                   | 756,560,104    |
| 2016-17     | 105,747,613                     | 39,751,681             | 402,490,506                  | 149,600,345                 | 188,920               | 5,431,869           | 34,220                                   | 703,245,154    |
| 2015-16     | 102,915,541                     | 43,291,455             | 372,524,561                  | 137,007,967                 | 213,298               | 5,395,228           | 26,198                                   | 661,374,248    |
| 2014-15     | 98,551,915                      | 41,706,756             | 352,905,743                  | 121,451,807                 | 229,838               | 4,850,631           | 31,153                                   | 619,727,843    |
| 2013-14     | 104,209,067                     | 45,253,195             | 322,226,008                  | 96,752,738                  | 215,474               | 1,307,199           | 41,211                                   | 570,004,892    |
| 2012-13     | 111,862,116                     | 46,253,154             | 361,213,618                  | 60,034,070                  | 213,297               | -                   | 8,193                                    | 579,584,448    |
| 2011-12     | 122,368,161                     | 69,198,419             | 385,975,862                  | 62,460,710                  | 193,709               | -                   | 12,010                                   | 640,208,871    |
| 2010-11     | 141,289,936                     | 99,368,514             | 446,938,977                  | 66,274,689                  | 204,736               | -                   | -  | 754,076,852    |

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

**SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION**

| Fiscal Year | Mines, Utilities and Commercial | Agriculture and Vacant | Primary Residential Property | Lease or Rented Residential | Railroad and Airlines | Historical Property | Government Property Improvements | Total            |
|-------------|---------------------------------|------------------------|------------------------------|-----------------------------|-----------------------|---------------------|----------------------------------|------------------|
| 2019-20     | \$ 175,268,950                  | \$ 80,392,641          | \$ 638,542,585               | \$ 243,505,072              | \$ 102,930            | \$ 6,485,949        | \$ 43,015                        | \$ 1,144,341,142 |
| 2018-19     | 145,172,933                     | 73,559,088             | 594,608,035                  | 218,766,534                 | 96,068                | 5,860,250           | 59,233                           | 1,038,122,141    |
| 2017-18     | 128,947,038                     | 70,496,582             | 536,180,479                  | 198,641,099                 | 217,650               | 6,436,893           | 48,734                           | 940,968,475      |
| 2016-17     | 117,919,930                     | 65,241,724             | 486,842,608                  | 183,765,563                 | 203,140               | 6,136,960           | 44,129                           | 860,154,054      |
| 2015-16     | 107,434,385                     | 56,231,915             | 444,823,523                  | 166,224,039                 | 217,650               | 5,408,805           | 29,048                           | 780,369,365      |
| 2014-15     | 99,333,638                      | 45,625,254             | 371,832,661                  | 130,865,107                 | 232,160               | 4,855,080           | 31,153                           | 652,775,053      |
| 2013-14     | 104,462,543                     | 49,992,902             | 322,769,345                  | 98,689,207                  | 217,651               | 1,320,408           | 41,211                           | 577,493,266      |
| 2012-13     | 112,247,864                     | 49,684,843             | 361,894,724                  | 60,095,030                  | 217,650               | -                   | 8,193                            | 584,148,304      |
| 2011-12     | 122,858,257                     | 72,491,100             | 386,323,148                  | 62,481,457                  | 217,650               | -                   | 12,010                           | 644,371,612      |
| 2010-11     | 154,856,537                     | 111,748,416            | 447,916,652                  | 67,437,016                  | 246,670               | -                   | -                                | 782,205,291      |

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

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

| <u>Property Classification (a)</u>           | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Mining, Utilities, Commercial and Industrial | 18.50%      | 18.00%      | 18.00%      | 18.00%      | 18.00%      |
| Agriculture and Vacant Land                  | 16.00       | 15.00       | 15.00       | 15.00       | 15.00       |
| Primary Residential Property                 | 10.00       | 10.00       | 10.00       | 10.00       | 10.00       |
| Leased or Rented Residential                 | 10.00       | 10.00       | 10.00       | 10.00       | 10.00       |
| Railroads, Private Rail Cars, and Airlines   | 15.00       | 14.00       | 14.00       | 14.00       | 15.00       |

Source: County Assessors Office

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
PRINCIPAL TAXPAYERS  
JUNE 30, 2020  
(UNAUDITED)**

| Taxpayer                                       | Type of Property         | 2019-20<br>Secondary<br>Assessed<br>Valuation | As percent of<br>District's<br>Secondary<br>Assessed<br>Valuation |
|--|--------------------------|---|---|
| Arizona Public Service Company                 | Gas and Electric Utility | \$ 18,308,636                                 | 1.60 %  |
| Wigwam Joint Venture LP                        | Resort                   | 6,799,448                                     | 0.59  |
| FR PV 303 LLC                                  | Distribution Center      | 5,946,494                                     | 0.52  |
| Southwest Gas Corporation (T&D)                | Gas and Electric Utility | 5,823,768                                     | 0.51  |
| FR PV 303 Phase 2 LLC                          | Distribution Center      | 5,372,190                                     | 0.47  |
| First American Title Insurance Company TR 7854 | Shopping Center          | 4,541,473                                     | 0.40  |
| Litchfield Park Service Water Company          | Water and Sewer          | 4,230,301                                     | 0.37  |
| Estrella Falls LLC                             | Shopping Center          | 4,111,145                                     | 0.36  |
| Litchfield Park Service Company Sewer          | Water and Sewer          | 4,001,578                                     | 0.35  |
| BMB Real Estate Holdings LLC                   | Manufacture              | 3,395,243                                     | 0.30  |
| Totals   |                          | <u>\$ 62,530,276</u>                          | <u>5.47 %</u>   |

Source: Maricopa County Assessor's Office.

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

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

| Fiscal Year | Real Property<br>Tax Levy | Collected to June 30 End of<br>Tax Fiscal Year |                        | Collected as of June 30, 2020 |                        |
|-------------|---------------------------|--|------------------------|-------------------------------|------------------------|
|             |                           | Amount   | Percent of<br>Tax Levy | Amount                        | Percent of<br>Tax Levy |
| 2019-20     | \$ 33,239,923             | \$ 32,815,041                                  | 98.72 %                | \$ 32,815,041                 | 98.72 %                |
| 2018-19     | 31,466,635                | 31,217,510                                     | 99.21                  | 31,217,510                    | 99.21                  |
| 2017-18     | 26,356,929                | 24,888,823                                     | 94.43                  | 26,354,575                    | 99.99                  |
| 2016-17     | 26,582,288                | 26,511,246                                     | 99.73                  | 26,580,812                    | 99.99                  |
| 2015-16     | 25,361,703                | 25,039,680                                     | 98.73                  | 25,359,042                    | 99.99                  |
| 2014-15     | 23,947,689                | 22,764,864                                     | 95.06                  | 23,945,804                    | 99.99                  |
| 2013-14     | 22,679,607                | 21,477,190                                     | 94.70                  | 22,677,346                    | 99.99                  |
| 2012-13     | 22,723,252                | 21,599,878                                     | 95.06                  | 22,722,364                    | 100.00                 |
| 2011-12     | 20,792,256                | 19,659,028                                     | 94.55                  | 20,554,540                    | 98.86                  |
| 2010-11     | 22,351,729                | 21,371,010                                     | 95.61                  | 21,306,793                    | 95.33                  |

Source: Maricopa County Assessor's Office.

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

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

Taxes Due: Real property taxes are payable in two installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. Delinquent taxes are subject to a penalty of 16% per annum, prorated at a monthly rate of 1.33%. Penalties for delinquent taxes are not included in the above collected figures.

Unsecured personal property taxes are not included in this schedule.



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

| <u>Fiscal Year</u> | <u>Primary</u> | <u>Secondary</u> | <u>Total</u> |
|--------------------|----------------|------------------|--------------|
| 2019-20            | 1.90           | 1.77             | 3.67         |
| 2018-19            | 1.97           | 1.88             | 3.85         |
| 2017-18            | 2.04           | 1.44             | 3.48         |
| 2016-17            | 2.25           | 1.57             | 3.82         |
| 2015-16            | 2.26           | 1.57             | 3.83         |
| 2014-15            | 2.33           | 1.45             | 3.78         |
| 2013-14            | 2.44           | 1.54             | 3.98         |
| 2012-13            | 2.31           | 1.58             | 3.89         |
| 2011-12            | 1.94           | 1.32             | 3.26         |
| 2010-11            | 1.62           | 1.30             | 2.92         |

Source: Maricopa County Assessor's Office.

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
 DIRECT AND OVERLAPPING ASSESSED VALUATIONS  
 AND GENERAL OBLIGATION BONDED INDEBTEDNESS  
 JUNE 30, 2020  
 (UNAUDITED)**

|   |    | Litchfield<br>Elementary School<br>District No. 79 |
|---|----|--|
|   |    |  |
| Total Direct General Obligation Bonded Debt Outstanding and to be Outstanding | \$ | 41,220,000   |
| Primary Assessed Valuation  |    | 902,684,659  |
| Secondary Assessed Valuation  |    | 1,144,341,142                                      |
| Estimated Net Full Cash Value   |    | 9,171,061,802                                      |

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND TAX RATES**  
**PER \$100 ASSESSED VALUATION**  
**JUNE 30, 2020**  
**(UNAUDITED)**

| Overlapping Jurisdiction                                 | 2019-20<br>Net Limited<br>Assessed<br>Valuation | 2019-20<br>Total Tax<br>Rate Per \$100<br>Assessed<br>Valuation |
|--|---|---|
| State of Arizona   | \$ 66,154,632,834                               | None  |
| Maricopa County  | 43,194,326,395                                  | 1.8575 (a)  |
| Maricopa County Community College District               | 43,194,326,395                                  | 1.3285  |
| Maricopa County Fire District Assistance Tax             | 43,194,326,395                                  | 0.0095  |
| Maricopa County Special Health Care District             | 43,194,326,395                                  | 0.3333  |
| Maricopa County Library District                         | 43,194,326,395                                  | 0.0556  |
| Maricopa County Flood Control District (b)               | 39,558,003,840                                  | 0.1792  |
| Central Arizona Water Conservation District              | 43,194,326,395                                  | 0.1400  |
| Buckeye Valley Volunteer Fire District                   | 146,248,089                                     | 4.5249  |
| Adaman Irrigation and Water Delivery District #36        | NA  | 10.0400 / acre  |
| McMicken Irrigation District                             | NA  | 1.0562 / acre   |
| Roosevelt Irrigation District                            | NA  | 29.8100 / acre  |
| Goodyear Community Facilities General District #1        | 128,892,161                                     | 0.8903  |
| Goodyear Community Utilities General District #1         | 381,577,175                                     | 0.9390  |
| Palm Valley Community Facilities District #3             | 104,879,935                                     | 0.6107  |
| Verrado Community Facilities District #1                 | 109,299,071                                     | 3.9440  |
| Village at Litchfield Park Community Facilities District | 25,241,080                                      | 1.4497  |
| Electrical District #7                                   | 949,562,922                                     | 0.0081  |
| City of Avondale   | 434,094,952                                     | 1.6543  |
| City of Buckeye  | 496,102,577                                     | 1.8000  |
| City of Goodyear   | 919,806,567                                     | 1.7332  |
| City of Litchfield Park                                  | 86,846,460                                      | 0.0000  |
| Western Maricopa Education Center (West-MEC) (b)         | 15,925,613,792                                  | 0.1634  |
| Agua Fria Union High School District No. 216             | 1,311,948,386                                   | 3.3298  |
| Litchfield Elementary School District No. 79             | 902,684,659                                     | 3.6716  |

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

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT**  
**JUNE 30, 2020**  
**(UNAUDITED)**

| Overlapping Jurisdiction                                    | General<br>Obligation<br>Bonded<br>Debt | Proportion Applicable<br>to the District (a) |                              |
|---|---|--|------------------------------|
|   |   | Approximate<br>Percent                       | Net Debt<br>Amount           |
| State of Arizona  | None                                    | 1.36%  | None                         |
| Maricopa County   | None                                    | 2.09%  | None                         |
| Maricopa County Community College District                  | \$ 250,065,000                          | 2.09%  | \$ 5,226,359                 |
| Maricopa County Special Health Care District                | 429,125,000                             | 2.09%  | 8,968,713                    |
| Buckeye Valley Volunteer Fire District                      | 6,165,000                               | 37.46%                                       | 2,309,409                    |
| Goodyear Community Facilities General District #1           | 7,070,000                               | 69.50%                                       | 4,913,650                    |
| Goodyear Community Facilities Utilities General District #1 | 31,085,000                              | 87.87%                                       | 27,314,390                   |
| Palm Valley Community Facilities District                   | 4,980,000                               | 100.00%                                      | 4,980,000                    |
| Verrado Community Facilities District #1                    | 29,605,000                              | 84.33%                                       | 24,965,897                   |
| Village at Litchfield Park Community Facilities District    | 1,960,000                               | 100.00%                                      | 1,960,000                    |
| City of Avondale  | 35,375,000                              | 20.15%                                       | 7,128,063                    |
| City of Buckeye   | None                                    | 18.98%                                       | None                         |
| City of Goodyear  | 102,605,000                             | 44.15%                                       | 45,300,108                   |
| City of Litchfield Park                                     | None                                    | 100.00%                                      | None                         |
| Agua Fria Union High School District No. 216                | 132,210,000                             | 68.80%                                       | 90,960,480                   |
| Western Maricopa Education Center (West-MEC)                | 157,075,000                             | 5.67%  | 8,906,153                    |
| Litchfield Elementary School District No. 79                | 41,220,000                              | 100.000%                                     | <u>41,220,000</u>            |
| Net Direct and Overlapping General Obligation Bonded Debt   |   |  | <u><u>\$ 274,153,222</u></u> |

Source: The various entities and Finance Department of Maricopa County

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS**  
**JUNE 30, 2020**  
**(UNAUDITED)**

|  | Per Capita<br>Bonded Debt<br>Population<br>Estimated<br>at 89,407 | As Percent of<br>District's<br>2019-20<br>Secondary<br>Assessed<br>Valuation | As Percent of<br>District's<br>2019-20<br>Estimated<br>Net Full<br>Cash Value |
|--|---|--|---|
| Net Direct General Obligation Bonded Debt          | \$ 461  | 3.60%  | 0.45%   |
| Net Direct and Overlapping General Obligation Debt | 3,066   | 23.96%   | 2.99%   |

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
COMPUTATION OF LEGAL DEBT LIMITATIONS  
JUNE 30, 2020  
(UNAUDITED)**

|  |    |                         |
|--|----|-------------------------|
| Net Secondary Assessed Value                                     |    | <u>\$ 1,144,341,142</u> |
| <br><b>Total District General Obligation and Refunding Bonds</b> |    |                         |
| Debt Limitation - 15% of Net Secondary Assessed Value            |    | \$ 171,651,171          |
| Amount of Debt Applicable to Debt Limit:                         |    |                         |
| Class A Bonds Outstanding  | \$ | -                       |
| Class B Bonds Outstanding  |    | 41,220,000              |
| Total Amount of Debt Applicable to Debt Margin                   |    | <u>41,220,000</u>       |
| Legal Debt Margin  |    | <u>\$ 130,431,171</u>   |
| <br><b>Class B Bonds</b>   |    |                         |
| Debt Limit - 10% of Net Secondary Assessed Valuation             |    | \$ 114,434,114          |
| Debt Limit - \$1,500 Per Student Count                           |    | 16,321,500              |
| Amount of Debt Applicable to Debt Limit:                         |    |                         |
| Class B General Obligation Bonds Outstanding                     | \$ | 41,220,000              |
| Total Debt Applicable to Debt Margin                             |    | <u>41,220,000</u>       |
| Legal Debt Margin  |    | <u>\$ 73,214,114</u>    |

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79  
ANNUAL DEBT SERVICE REQUIREMENTS OF  
GENERAL OBLIGATION BONDED DEBT OUTSTANDING  
JUNE 30, 2020  
(UNAUDITED)**

| Fiscal Year | Outstanding General Obligation<br>Bonded Debt Service Requirements |              | Total Debt<br>Service<br>Requirements |
|-------------|--|--------------|---------------------------------------|
|             | Principal  | Interest     |                                       |
| 2020-21     | \$ 4,835,000   | \$ 1,552,625 | \$ 6,387,625                          |
| 2021-22     | 5,300,000  | 1,362,925    | 6,662,925                             |
| 2022-23     | 5,705,000  | 1,142,925    | 6,847,925                             |
| 2023-24     | 5,050,000  | 906,425      | 5,956,425                             |
| 2024-25     | 5,395,000  | 738,175      | 6,133,175                             |
| 2025-26     | 2,785,000  | 580,675      | 3,365,675                             |
| 2026-27     | 2,875,000  | 477,650      | 3,352,650                             |
| 2027-28     | 3,005,000  | 347,525      | 3,352,525                             |
| 2028-29     | 3,115,000  | 214,475      | 3,329,475                             |
| 2029-30     | 3,155,000  | 112,150      | 3,267,150                             |
| Totals      | \$ 41,220,000  | \$ 7,435,550 | \$ 48,655,550                         |

Source: Litchfield Elementary School District.

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

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79**  
**SCHOOL FACILITIES**  
**JUNE 30, 2020**  
**(UNAUDITED)**

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

Source: Litchfield Elementary School District.



