

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2021**

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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LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES	12
BALANCE SHEET – GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
NOTES TO BASIC FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN THE MD&A	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	41
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION AND OPEB ASSET/LIABILITY-COST SHARING PENSION AND OPEB PLANS	42
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS-COST SHARING PENSION AND OPEB PLANS	44
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN THE MD&A	46

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

STATISTICAL SECTION (UNAUDITED)

ENROLLMENT (ADM)	48
NET ASSESSED AND ESTIMATED ACTUAL VALUATION OF TAXABLE PROPERTY	49
ASSESSED VALUATION BY PROPERTY CLASSIFICATION	50
ASSESSMENT RATIOS	51
PRINCIPAL TAXPAYERS	52
REAL PROPERTY TAX LEVIES AND COLLECTIONS	53
PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION	54
DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND GENERAL OBLIGATION BONDED INDEBTEDNESS	55
DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND TAX RATES – PER \$100 ASSESSED VALUATION	56
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT	57
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS	58
COMPUTATION OF LEGAL DEBT LIMITATIONS	59
ANNUAL DEBT SERVICE REQUIREMENTS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING	60
SCHOOL FACILITIES	61

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, 2021, 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, 2021, 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.

Emphasis of a Matter

During the fiscal year ended June 30, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 84, *Fiduciary Activities*. As a result of the implementation of GASBS No. 84, the District reported a restatement for the change in accounting principle (see Note 3.D.). Our auditors' opinion was not modified with respect to the restatement.

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 26, 2022, 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 26, 2022

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REQUIRED SUPPLEMENTARY INFORMATION

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**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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, 2021.

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 \$90.8 million (net position).
- ◆ The District's total net position decreased by \$3.4 million. The decrease was largely due to an increase in pension and other postemployment benefits expenses of \$1.7 million over the prior fiscal year, \$1.3 million in excess expenses over revenues for the community school program, \$0.6 million in the use of classroom site fund grants in excess of current year revenue (carryforward was available), and \$0.2 million in expenses for a federal grant prior to the award date, but within the period of availability.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$63.3 million, an increase of \$8.0 million in comparison with the prior year. The increase was largely due to a \$7.0 million bond issue, of which the District only incurred \$0.1 million in expenditures for pre-construction costs and bond issuance costs. The remaining increase was the net effect of reduced costs for transportation and operation and maintenance costs due to the COVID-19 pandemic in the General Fund and reduced revenue from the District's community school due to the COVID-19 pandemic.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$42.1 million, or 57.6% of total General Fund expenditures.
- ◆ The District's total bonded debt increased by \$2.2 million (5.3%) during the current fiscal year. The increase was the net effect of scheduled principal payments due on outstanding bonds and the issuance of \$7.0 million in school improvement 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).

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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.

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 are governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, and the Bond Building Fund, all 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 13 – 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 – 40 of this report.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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 41. 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 48 – 61 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 \$90.8 million 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	
	2021	2020
Current and Other Assets	\$ 72,144,721	\$ 65,490,810
Capital Assets	145,998,926	150,961,379
Total Assets	218,143,647	216,452,189
Deferred Outflows of Resources	21,569,798	12,389,414
Current Liabilities	6,616,594	8,164,553
Long-Term Liabilities	141,555,670	121,113,257
Total Liabilities	148,172,264	129,277,810
Deferred Inflows of Resources	774,722	5,424,468
Net Position:		
Net Investment in Capital Assets	108,394,472	108,293,976
Restricted	13,339,095	14,668,147
Unrestricted	(30,967,108)	(28,822,798)
Total Net Position	<u>\$ 90,766,459</u>	<u>\$ 94,139,325</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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 less than 1% due to the net effect of an increase in long-term debt associated with the assets, capital asset acquisitions and depreciation expense. 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 9.1% largely due to \$1.3 million in excess expenses over revenues for the community school program, \$0.6 million in the use of classroom site fund grants in excess of current year revenue (carryforward was available), and \$0.2 million in expenses for a federal grant prior to the award date, but within the period of availability, offset by \$0.9 million in unspent property tax revenues restricted for capital.

The unrestricted portion decreased by 7.4%, 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 decreased \$3.4 million or 3.6%. Key elements of this decrease are as follows:

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

	Governmental Activities			
	2021	2020	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 1,159,597	\$ 4,562,834	\$ (3,403,237)	(74.6)%
Operating Grants and Contributions	20,196,872	13,845,600	6,351,272	45.9 %
Capital Grants and Contributions	373,615	2,731,832	(2,358,217)	(86.3)%
General Revenues:				
Property Taxes	29,910,828	28,762,804	1,148,024	4.0 %
Grants and Contributions Not Restricted to Specific Programs:				
State Equalization and Additional State Aid	49,796,707	54,721,661	(4,924,954)	(9.0)%
Federal Aid Not Restricted	81,469	67,048	14,421	21.5 %
Unrestricted Investment Earnings	526,963	1,007,367	(480,404)	(47.7)%
Other	45,909	53,751	(7,842)	(14.6)%
Total Revenues	<u>102,091,960</u>	<u>105,752,897</u>	<u>(3,660,937)</u>	<u>(3.5)%</u>
EXPENSES				
Instruction	62,385,780	59,659,659	2,726,121	4.6 %
Support Services:				
Students and Instructional Staff	12,244,427	11,600,997	643,430	5.5 %
General and School Administration	4,946,814	4,701,376	245,438	5.2 %
Business and Other Support Services	3,918,008	3,273,032	644,976	19.7 %
Operation and Maintenance of Plant	9,980,656	9,312,927	667,729	7.2 %
Student Transportation	4,161,288	4,526,775	(365,487)	(8.1)%
Operation of Noninstructional Services	6,406,723	8,425,436	(2,018,713)	(24.0)%
Interest on Long-Term Debt	1,421,130	1,535,619	(114,489)	(7.5)%
Total Expenses	<u>105,464,826</u>	<u>103,035,821</u>	<u>2,429,005</u>	<u>2.4 %</u>
CHANGE IN NET POSITION	<u>(3,372,866)</u>	<u>2,717,076</u>	<u>(6,089,942)</u>	<u>(224.1)%</u>
Net Position - Beginning of Year (As Restated)	<u>94,139,325</u>	<u>91,422,249</u>	<u>2,717,076</u>	<u>3.0 %</u>
NET POSITION - END OF YEAR	<u>\$ 90,766,459</u>	<u>\$ 94,139,325</u>	<u>\$ (3,372,866)</u>	<u>(3.6)%</u>

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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 \$0.6 million. The increase was due to an increase in operating grants, largely federal grants, offset by capital contributions decreasing \$2.4 million due to a \$2.4 million land donation in the prior year that did not occur in the current year, and a \$3.4 million reduction in charges for services, largely due to reduced services for auxiliary operations, student activities and the community school program as a result of the COVID-19 pandemic.

Property taxes increased \$1.1 million or 4.0% due to an increase in the value of the taxbase.

State equalization and additional state aide decreased \$4.9 million due to the District receiving less funding based upon a decrease in student enrollment.

Investment earnings decreased \$0.5 million due to the combination of less cash and investments on-hand throughout the year and lower rates of return.

District expenses increased by \$2.4 million primarily as a result of an increase in the net pension and OPEB expense, plus personnel raises and increases in 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 \$63.3 million, an increase of \$8.0 million in comparison with the prior year. Approximately 66.4% of this total amount (\$42.1 million) 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 2020-21 balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From Prior Year
General Fund	\$ 42,167,044	\$ 2,669,400
Debt Service Fund	225,387	(222,742)
Bond Building Fund	8,318,648	6,947,308
Nonmajor Governmental Funds	12,633,585	(1,393,377)
Total	<u>\$ 63,344,664</u>	<u>\$ 8,000,589</u>

The General Fund increase was due to reduced operating costs, specifically for transportation and operations and maintenance of plant, due to the COVID-19 pandemic.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The Debt Service Fund decreased due to a decrease in property tax revenue of \$0.4 million and a decrease in investment earnings of \$0.1 million, offset by a decrease in expenditures of \$0.5 million.

The Nonmajor Governmental Funds decrease was mainly due to a reduction in revenues received for the community school program due to the COVID-19 pandemic. The community school program includes operations of the daycare and extended day programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$3.8 million. The regular education subsection accounted for \$3.6 million of the difference and was largely allocated to instruction, school administration, and operation and maintenance of plant. Student transportation accounted for \$0.2 million of the decrease in the adopted versus the final budget.

Arizona school districts are allowed to amend their budgets due to changes in estimate for student enrollment or legislative changes that may affect budgeting.

Actual General Fund expenditures were \$9.0 million less than budget during the fiscal year largely for instruction, operation and maintenance of plant and student transportation due to the COVID-19 pandemic. Actual expenditures were within 12.0% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for the governmental activities as of June 30, 2021, amounts to \$146.0 million (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 energy management projects \$0.3 million.
- ◆ Completion of the cooling tower project at Western Sky Middle School for \$0.1 million.
- ◆ Various school improvements including HVAC units, flooring and other improvement projects totaling \$0.9 million.

Capital assets for fiscal years June 30, 2021 and 2020, net of accumulated depreciation was as follows:

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

	Governmental Activities	
	2021	2020
Land	\$ 22,561,037	\$ 22,561,037
Construction in Progress	55,271	347,342
Land Improvements	2,829,429	2,958,230
Buildings and Building Improvements	114,472,510	118,353,270
Furniture, Equipment, and Vehicles	6,080,679	6,741,500
Total Capital Assets, Net	\$ 145,998,926	\$ 150,961,379

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, 2021**

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$43.4 million. All this debt is backed by the full faith and credit of the District.

**Table A-5
Outstanding Debt**

	Governmental Activities	
	2021	2020
General Obligation Bonds	\$ 43,385,000	\$ 41,220,000

The District's total bonded debt increased by \$2.2 million (5.3%) during the current fiscal year. This increase was the net effect of scheduled principal payments due on outstanding bonds and a \$7.0 million school improvement bond issue.

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 \$196.2 million for all debt and \$130.8 million, 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

- ◆ Decrease budget available due to lower student enrollment.
- ◆ Grant funds available to support schools during the COVID-19 pandemic.

All of these factors were considered in preparing the District's budget for the 2022 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, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 47,852,641
Restricted Cash and Investments	8,322,448
Deposits	90,554
Receivables:	
Property Taxes	1,887,752
Intergovernmental	13,410,585
Inventories	195,895
Net Other Postemployment Benefits Asset	384,846
Capital Assets:	
Nondepreciable	22,616,308
Depreciable, Net	123,382,618
Total Assets	<u>218,143,647</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions and Other Post Employment Benefits	21,569,798
LIABILITIES	
Accounts Payable	388,269
Accrued Wages and Benefits	616,310
Accrued Interest	776,312
Intergovernmental Payable	703
Matured Debt Principal Payable	4,835,000
Long-Term Liabilities:	
Due Within One Year	7,001,544
Due in More Than One Year	41,536,422
Net Pension and OPEB Liability Due in More Than One Year	93,017,704
Total Liabilities	<u>148,172,264</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions and Other Post Employment Benefits	<u>774,722</u>
NET POSITION	
Net Investment in Capital Assets	108,394,472
Restricted for:	
Instructional Improvements	1,222,580
Classroom Site	2,979,290
Federal and State Grants	1,217,774
Food Services	1,542,210
Debt Service	261,559
Civic Center	3,416,050
Community School	526,340
Other Noninstructional Services	562,583
Other Post Employment Benefits	384,846
Other	323,440
Capital Projects	902,423
Unrestricted	<u>(30,967,108)</u>
Total Net Position	<u>\$ 90,766,459</u>

See accompanying Notes to Basic Financial Statements.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities:					
Instruction	\$ 62,385,780	\$ 32,133	\$ 9,377,570	\$ -	\$ (52,976,077)
Support Services:					
Students	8,348,266	-	1,307,933	-	(7,040,333)
Instructional Staff	3,896,161	-	1,049,944	-	(2,846,217)
General Administration	1,378,508	1,791	272,401	-	(1,104,316)
School Administration	3,568,306	-	1,244,010	-	(2,324,296)
Business and Other Support Services	3,918,008	39,575	899,248	-	(2,979,185)
Operation and Maintenance of Plant	9,980,656	29,110	1,935,372	373,615	(7,642,559)
Student Transportation	4,161,288	-	497,470	-	(3,663,818)
Operation of Noninstructional Services	6,406,723	1,056,988	3,612,924	-	(1,736,811)
Interest on Long-Term Debt	1,421,130	-	-	-	(1,421,130)
Total	\$ 105,464,826	\$ 1,159,597	\$ 20,196,872	\$ 373,615	(83,734,742)
GENERAL REVENUES					
Property Taxes					29,910,828
Grants and Contributions Not Restricted to Specific Programs:					
State Equalization, and Additional State Aid					49,796,707
Federal Aid Not Restricted					81,469
Investment Earnings					526,963
Other					45,909
Total					80,361,876
CHANGE IN NET POSITION					(3,372,866)
Net Position - Beginning of Year (As Restated)					94,139,325
NET POSITION - END OF YEAR					\$ 90,766,459

See accompanying Notes to Basic Financial Statements.

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Debt Service	Bond Building	Nonmajor Governmental Funds	Totals
Assets					
Cash and Investments	\$ 29,527,873	\$ 5,809,233	\$ -	\$ 12,515,535	\$ 47,852,641
Restricted Cash and Investments	-	-	8,322,448	-	8,322,448
Deposit	-	-	-	90,554	90,554
Receivables:					
Property Taxes	1,765,009	63,638	-	59,105	1,887,752
Intergovernmental	12,912,074	-	-	498,511	13,410,585
Inventories	87,982	-	-	107,913	195,895
Due from Other Funds	516,996	-	-	-	516,996
	<u>\$ 44,809,934</u>	<u>\$ 5,872,871</u>	<u>\$ 8,322,448</u>	<u>\$ 13,271,618</u>	<u>\$ 72,276,871</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable	\$ 323,240	\$ -	\$ 3,800	\$ 61,229	\$ 388,269
Accrued Wages and Benefits	616,310	-	-	-	616,310
Accrued Interest	-	776,312	-	-	776,312
Intergovernmental Payable	-	-	-	703	703
Due to Other Funds	-	-	-	516,996	516,996
Matured Debt Principal Payable	-	4,835,000	-	-	4,835,000
Total Liabilities	<u>939,550</u>	<u>5,611,312</u>	<u>3,800</u>	<u>578,928</u>	<u>7,133,590</u>
Deferred Inflows of Resources:					
Unavailable Revenue	1,703,340	36,172	-	59,105	1,798,617
Fund Balances:					
Nonspendable	87,982	-	-	198,467	286,449
Restricted	-	225,387	8,318,648	12,435,118	20,979,153
Unassigned	42,079,062	-	-	-	42,079,062
Total Fund Balances	<u>42,167,044</u>	<u>225,387</u>	<u>8,318,648</u>	<u>12,633,585</u>	<u>63,344,664</u>
	<u>\$ 44,809,934</u>	<u>\$ 5,872,871</u>	<u>\$ 8,322,448</u>	<u>\$ 13,271,618</u>	<u>\$ 72,276,871</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, 2021**

Total Fund Balances for Governmental Funds \$ 63,344,664

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	\$ 226,310,280	
Less: Accumulated Depreciation	<u>(80,311,354)</u>	145,998,926

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		1,798,617
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Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions/OPEB		21,569,798
Deferred Inflows of Resources Related to Pensions/OPEB		<u>(774,722)</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	(43,385,000)	
Unamortized Premiums	(1,713,753)	
Capital Lease Payable	(824,349)	
Net Pension and OPEB Liability	(93,017,704)	
Net OPEB Asset	384,846	
Compensated Absence Payable	<u>(2,614,864)</u>	<u>(141,170,824)</u>

Total Net Position of Governmental Activities		<u>\$ 90,766,459</u>
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LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Debt Service	Bond Building	Nonmajor Governmental Funds	Totals
REVENUES					
Property Taxes	\$ 23,232,699	\$ 6,127,447	\$ -	\$ 590,941	\$ 29,951,087
Intergovernmental	51,104,586	-	-	18,678,170	69,782,756
Food Service Sales	-	-	-	11,829	11,829
Auxiliary Operations	10,567	-	-	-	10,567
Contributions and Donations	528,168	-	-	137,739	665,907
Investment Earnings	363,141	38,661	-	125,160	526,962
Other	20,887	-	-	1,162,223	1,183,110
Total Revenues	<u>75,260,048</u>	<u>6,166,108</u>	<u>-</u>	<u>20,706,062</u>	<u>102,132,218</u>
EXPENDITURES					
Current:					
Instruction	45,644,675	-	-	8,860,629	54,505,304
Support Services:					
Students	6,900,678	-	-	1,125,781	8,026,459
Instructional Staff	2,799,101	-	-	929,183	3,728,284
General Administration	1,075,794	-	-	247,493	1,323,287
School Administration	2,207,573	-	-	1,180,599	3,388,172
Business and Other Support Services	2,829,081	1,225	-	898,670	3,728,976
Operations and Maintenance of Plant	7,976,649	-	-	2,102,135	10,078,784
Student Transportation	2,817,897	-	-	423,316	3,241,213
Operation of Noninstructional Services	107,326	-	-	5,710,938	5,818,264
Debt Service:					
Principal Retirement	-	4,835,000	-	105,183	4,940,183
Interest on Long-Term Debt	-	1,552,625	-	25,345	1,577,970
Issuance Costs	-	-	65,950	-	65,950
Facilities Acquisition	635,019	-	34,074	51,200	720,293
Total Expenditures	<u>72,993,793</u>	<u>6,388,850</u>	<u>100,024</u>	<u>21,660,472</u>	<u>101,143,139</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	2,266,255	(222,742)	(100,024)	(954,410)	989,079
OTHER FINANCING SOURCES (USES)					
Transfers In	556,428	-	-	140,000	696,428
Transfers Out	(140,000)	-	-	(556,428)	(696,428)
Issuance of Long-Term Debt	-	-	7,000,000	-	7,000,000
Premium on Issuance of Long-Term Debt	-	-	47,332	-	47,332
Total Other Financing Sources (Uses)	<u>416,428</u>	<u>-</u>	<u>7,047,332</u>	<u>(416,428)</u>	<u>7,047,332</u>
NET CHANGE IN FUND BALANCES					
	2,682,683	(222,742)	6,947,308	(1,370,838)	8,036,411
FUND BALANCES					
Beginning of Year (As Restated)	39,497,644	448,129	1,371,340	14,026,962	55,344,075
Increase (Decrease) in Nonspendable Fund Balance for Inventories	(13,283)	-	-	(22,539)	(35,822)
End of Year	<u>\$ 42,167,044</u>	<u>\$ 225,387</u>	<u>\$ 8,318,648</u>	<u>\$ 12,633,585</u>	<u>\$ 63,344,664</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, 2021**

Net Change in Fund Balances-Total Governmental Funds \$ 8,036,411

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	1,490,830
Less: Depreciation Expense	<u>(6,453,283)</u>
Excess Depreciation over Capital Expenditures	(4,962,453)

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	1,798,617
Unavailable Revenue - Prior Year	(1,838,876)

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

Principal Payments on General Obligation Bonds	4,835,000
Principal Payments on Capital Leases	105,183
Issuance of Long-Term Debt	(7,000,000)
Premium on the Issuance of Long-Term Debt	(47,332)
Amortization of Premium	222,790

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

Pension/OPEB Contributions	7,153,465
Pension/OPEB Expense	(11,531,140)

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	(108,709)
Change in Inventory Balances	<u>(35,822)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (3,372,866)</u></u>
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NOTES TO BASIC FINANCIAL STATEMENTS

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LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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).

During the fiscal year ended June 30, 2021, the District implemented the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 84 – *Fiduciary Activities*. The objective of GASBS No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting and how those activities should be reported.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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.

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

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

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

The District reports the following major governmental funds:

Major Governmental Funds

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

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

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

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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 \$90,554 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 (\$490,969), state grants in aid (\$1,059), state building renewal grants in aid (\$22,848), and state equalization and additional state aid (\$12,895,709).

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, 2021

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, 2021

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, which estimates the effective interest rate 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, 2021

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, 2021, 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 \$13,339,095 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, 2021

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, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Fund Balances (Continued)

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

The District has classified its fund balances as follows:

	General Fund	Debt Service Fund	Bond Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Deposits	\$ -	\$ -	\$ -	\$ 90,554	\$ 90,554
Inventories	87,982	-	-	107,913	195,895
Total Nonspendable	87,982	-	-	198,467	286,449
Restricted:					
Instructional Improvement	-	-	-	1,222,580	1,222,580
Classroom Site	-	-	-	2,979,290	2,979,290
Federal and State Grants	-	-	-	1,217,774	1,217,774
Food Service	-	-	-	1,343,743	1,343,743
Other Special Revenues:					
Civic Center	-	-	-	3,416,050	3,416,050
Community School	-	-	-	526,340	526,340
Noninstructional Programs	-	-	-	562,583	562,583
Other	-	-	-	323,440	323,440
Capital Projects	-	-	8,318,648	843,318	9,161,966
Debt Service	-	225,387	-	-	225,387
Total Restricted	-	225,387	8,318,648	12,435,118	20,979,153
Unassigned	42,079,062	-	-	-	42,079,062
Total Fund Balance	<u>\$ 42,167,044</u>	<u>\$ 225,387</u>	<u>\$ 8,318,648</u>	<u>\$ 12,633,585</u>	<u>\$ 63,344,664</u>

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2021 consist of the following:

Deposits:	
Cash in Bank	\$ 774,204
Investments:	
Cash on Deposit with County Treasurer	55,400,885
Total Deposits and Investments	<u>56,175,089</u>
Less: Restricted Cash and Investments	(8,322,448)
Total Cash and Investments	<u><u>\$ 47,852,641</u></u>

Deposits

The District's deposits at June 30, 2021 had a carrying value of \$774,204 and a bank balance of \$2,972,456. 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, 2021, 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, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Restricted Cash and Investments

Restricted cash and investments at June 30, 2021 consisted of \$8,322,448 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	\$ 1,703,340
Debt Service Fund	36,172
Nonmajor Governmental Funds	59,105
Total	\$ 1,798,617

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 22,561,037	\$ -	\$ -	\$ 22,561,037
Construction in Progress	347,342	164,649	(456,720)	55,271
Total Capital Assets, Not Being Depreciated	22,908,379	164,649	(456,720)	22,616,308
Capital Assets, Being Depreciated:				
Land Improvements	6,556,224	128,968	-	6,685,192
Buildings and Building Improvements	181,477,194	1,264,734	-	182,741,928
Furniture, Equipment, and Vehicles	13,934,383	389,199	(56,730)	14,266,852
Total Capital Assets, Being Depreciated	201,967,801	1,782,901	(56,730)	203,693,972
Accumulated Depreciation for:				
Land Improvements	(3,597,994)	(257,769)	-	(3,855,763)
Buildings and Building Improvements	(63,123,924)	(5,145,494)	-	(68,269,418)
Furniture, Equipment, and Vehicles	(7,192,883)	(1,050,020)	56,730	(8,186,173)
Total Accumulated Depreciation	(73,914,801)	(6,453,283)	56,730	(80,311,354)
Total Capital Assets, Being Depreciated, Net	128,053,000	(4,670,382)	-	123,382,618
Governmental Activities Capital Assets, Net	<u>\$ 150,961,379</u>	<u>\$ (4,505,733)</u>	<u>\$ (456,720)</u>	<u>\$ 145,998,926</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 5,059,401
Support Services:	
Students	22,279
General Administration	2,613
Business and Other Support Services	163,400
Operations and Maintenance of Plant	79,050
Student Transportation	887,268
Operation of Noninstructional Services	239,272
Total	<u>\$ 6,453,283</u>

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

5. Construction Commitments

At June 30, 2021, the District had active construction commitments for projects currently in progress. Those construction commitments are as follows:

<u>Project</u>	<u>Governmental Activities</u>	
	<u>Spent-to Date</u>	<u>Remaining Commitment</u>
Verrado Middle School Roof Access	\$ 21,196	\$ 346,373

B. Interfund Receivables/Payables and Transfers

As of June 30, 2021 interfund receivable and payables were as follows:

<u>Due To</u>	<u>Due From Nonmajor Governmental Funds</u>
General Fund	\$ 516,996

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 that were transferred subsequent to year-end (\$494,148) and to eliminate deficit cash in the nonmajor building renewal fund (\$22,848). Cash was received subsequent to June 30, 2021 in the building renewal fund to cover the deficit cash balance.

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>		
	<u>General Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 556,428	\$ 556,428
Nonmajor Governmental Funds	140,000	-	140,000
Total	<u>\$ 140,000</u>	<u>\$ 556,428</u>	<u>\$ 696,428</u>

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.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2021.

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, 2021, \$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, 2021 is \$753,066.

The future minimum lease obligations and the net present value of lease payments through June 30, 2021 were as follows:

<u>Year Ending June 30.</u>	<u>Governmental Activities</u>
2022	\$ 130,527
2023	130,527
2024	130,527
2025	130,527
2026	130,527
2027-28	<u>261,054</u>
Total Minimum Lease Payments	913,689
Less: Amount Representing Interest	<u>(89,340)</u>
Present Value of Minimum Lease Payments	<u>\$ 824,349</u>

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

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

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Maturity Dates	Amount Outstanding
School Improvement Bonds, Project 2006 Original Amount \$10,500,000	2.00-5.00%	7/1/21-22	\$ 2,200,000
School Improvement Bonds, Project 2009 Original Amount \$10,325,000	2.00-5.00	7/1/21-23	5,180,000
School Improvement Bonds, Series 2015 Original Amount \$15,675,000	2.00-4.00	7/1/21-30	12,950,000
School Improvement Bonds, Series 2016 Original Amount \$6,000,000	1.00-3.50	7/1/21-30	3,620,000
School Improvement Bonds, Series 2018 Original Amount \$14,760,000	2.00-4.00	7/1/21-30	12,435,000
School Improvement Bonds, Series 2021 Original Amount \$7,000,000 Private Placement	1.01	7/1/22-25	<u>7,000,000</u>
Total General Obligation Bonds Payable			<u>\$ 43,385,000</u>

Changes in long-term obligations for the year ended June 30, 2021 are as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 41,220,000	\$ -	\$ (4,835,000)	\$ 36,385,000	\$ 5,300,000
General Obligation Bonds - Direct Placement	-	7,000,000	-	7,000,000	955,000
Premium on Bonds	1,889,211	47,332	(222,790)	1,713,753	-
Total Bonds Payable	<u>43,109,211</u>	<u>7,047,332</u>	<u>(5,057,790)</u>	<u>45,098,753</u>	<u>6,255,000</u>
Other Liabilities:					
Capital Lease Obligation	929,532	-	(105,183)	824,349	108,154
Compensated Absences	2,506,155	816,599	(707,890)	2,614,864	638,390
Total Other Liabilities	<u>3,435,687</u>	<u>816,599</u>	<u>(813,073)</u>	<u>3,439,213</u>	<u>746,544</u>
Total Debt	<u>\$ 46,544,898</u>	<u>\$ 7,863,931</u>	<u>\$ (5,870,863)</u>	<u>\$ 48,537,966</u>	<u>\$ 7,001,544</u>

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Debt service requirements on long-term debt at June 30, 2021 are as follows:

Year Ending June 30,	General Obligation Bonds		General Obligation Bonds - Private Placement	
	Principal	Interest	Principal	Interest
2022	\$ 5,300,000	\$ 1,362,925	\$ 955,000	\$ 70,700
2023	5,705,000	1,142,925	1,175,000	61,055
2024	5,050,000	906,425	2,485,000	49,187
2025	5,395,000	738,175	2,385,000	24,089
2026	2,785,000	580,675	-	-
2027-30	12,150,000	1,151,800	-	-
Totals	<u>\$ 36,385,000</u>	<u>\$ 5,882,925</u>	<u>\$ 7,000,000</u>	<u>\$ 205,031</u>

The District issued \$7,000,000 in school improvement general obligation bonds through a private placement at a premium of \$47,332 through a 2014 voter approved ballot measure. The bond and the premium will be used for future construction of a new facility, school improvements, equipment, apparatus, vehicles and issuance costs on the bonds.

NOTE 3 OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities (Continued)

Contingencies – 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.

Lawsuits – The District is a defendant in various lawsuits and is vigorously defending those claims. In the opinion of the District's attorney, neither the outcome of these lawsuits or the estimated liability to the District in the event of an unfavorable decision for the District is presently determinable. Significant claims currently being litigated would be covered under the District's insurance policy and the District would only be responsible for the deductible should an unfavorable decision for the District be rendered.

C. Retirement Plans

Cost-Sharing Pension and OPEB Plans

At June 30, 2021, the District reported the following related to pensions and OPEB to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	ASRS Pension	ASRS OPEB	Governmental Activities
Net Pension and OPEB Asset	\$ -	\$ 384,846	\$ 384,846
Net Pension and OPEB Liability	92,608,517	409,187	93,017,704
Deferred Outflows of Resources	20,481,863	1,087,935	21,569,798
Deferred Inflows of Resources	-	774,722	774,722
Pension and OPEB Expense	11,275,668	255,472	11,531,140

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.

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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

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

* With Actuarially Reduced Benefits

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 five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine 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.

**LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% for long-term disability) of the members’ annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.22% (11.65% for retirement, 0.39% for health insurance premium benefit, and 0.18% 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 10.21% (10.14% for retirement 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, 2021 were \$6,819,793, \$228,763, and \$104,909, respectively.

During the fiscal year ended June 30, 2021, the District paid for ASRS pension and OPEB contributions as follows: 76% from the General Fund and 24% from other funds.

Liability – The net asset and net liabilities were measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020, and the change from its proportions measured as of June 30, 2019.

At June 30, 2021, the District reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability:

	Net Pension/OPEB (Asset) Liability
Pension	\$ 92,608,517
Health Insurance Premium Benefit	(384,846)
Long-Term Disability	409,187

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The District's proportionate share of the net asset or net liability for the year ended 2020, and the change from its proportions measured as of June 30, 2019 were:

	Proportion June 30, 2020	Increase (Decrease) from June 30, 2019
Pension	0.53449%	0.02434
Health Insurance Premium Benefit	0.54357	0.02501
Long-Term Disability	0.53939	0.02423

Expense – For the year ended June 30, 2021, the District recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 11,275,668
Health Insurance Premium Benefit	122,712
Long-Term Disability	132,760

Deferred Outflows/Inflows of Resources – At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 837,805	\$ -
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,932,200	-
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	3,892,065	-
Contributions Subsequent to the Measurement Date	6,819,793	-
Total	<u>\$ 20,481,863</u>	<u>\$ -</u>

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

	Health Benefit Supplement	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 758,313
Changes of Assumptions or Other Inputs	213,356	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	393,767	-
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	3,695
Contributions Subsequent to the Measurement Date	228,763	-
Total	\$ 835,886	\$ 762,008

	Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 35,609	\$ 10,537
Changes of Assumptions or Other Inputs	44,087	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	45,050	-
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	22,394	2,177
Contributions Subsequent to the Measurement Date	104,909	-
Total	\$ 252,049	\$ 12,714

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 ending June 30, 2022. 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:

Year Ending June 30,	Pension	Health Insurance Premium Benefit	Long-Term Disability
2022	\$ 3,791,455	\$ (82,702)	\$ 21,691
2023	3,877,061	605	29,003
2024	3,230,872	18,879	30,345
2025	2,762,682	(21,719)	27,559
2026	-	(69,948)	15,891
Thereafter	-	-	9,937

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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

Actuarial Valuation Date	June 30, 2019
Actuarial Roll Forward Date	June 30, 2020
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, 2019 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	50 %	6.39 %
Fixed Income - Credit	20	5.44
Fixed Income- Interest Rate Sensitive	10	0.22
Real Estate	20	5.85
Total	100 %	

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the Net Pension Liability	\$ 126,640,890	\$ 92,608,517	\$ 64,159,201
Net Health Benefit Supplement Liability (Asset)	504,958	(384,846)	(1,142,100)
Net Long-Term Disability Liability	446,766	409,187	372,712

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, 2021.

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Restatement for a Change in Accounting Principle

During the fiscal year ended June 30, 2021, the District adopted Statement of Governmental Accounting Standards Board Statement (GASB Statement) No. 84, *Fiduciary Activities*. The adoption of GASB Statement No. 84 resulted in the Student Activities Fund, previously reported as an agency fund within fiduciary funds, to be reported as a special revenue fund. The following summary reconciles beginning fund balance/net position to the previously issued financial statements as a result of the change in accounting principle.

	General Fund	Debt Service Fund	Bond Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Beginning Fund Balance (As Previously Reported)	\$ 39,497,644	\$ 448,129	\$ 1,371,340	\$ 13,979,941	\$ 55,297,054
Change in Accounting Principal	-	-	-	47,021	47,021
Beginning Fund Balance (As Restated)	<u>\$ 39,497,644</u>	<u>\$ 448,129</u>	<u>\$ 1,371,340</u>	<u>\$ 14,026,962</u>	<u>\$ 55,344,075</u>
	<u>Governmental Activities</u>				
Beginning Net Position (As Previously Stated)	\$ 94,092,304				
Change in Accounting Principal	<u>47,021</u>				
Beginning Net Position (As Restated)	<u>\$ 94,139,325</u>				

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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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ -	\$ -	\$ 22,323,060	\$ 22,323,060
Intergovernmental	-	-	46,540,002	46,540,002
Investment Earnings	-	-	135,863	135,863
Other	-	-	10,903	10,903
Total Revenues	-	-	69,009,828	69,009,828
Expenditures:				
Regular Education::				
Instruction	38,376,105	37,210,029	34,877,341	2,332,688
Support Services - Students	3,324,107	3,033,107	2,837,873	195,234
Support Services - Instructional Staff	2,168,070	2,236,070	1,809,111	426,959
Support Services - General Administration	816,261	829,261	746,524	82,737
Support Services - School Administration	3,262,584	2,172,584	2,080,486	92,098
Support Services - Business and Other	2,879,489	2,399,489	2,140,155	259,334
Operations and Maintenance of Plant	10,222,088	9,592,088	7,760,659	1,831,429
Operation of Noninstructional Services	600	600	155	445
School-Sponsored Cocurricular Activities	88,408	88,408	36,993	51,415
School-Sponsored Athletics	164,875	164,875	5,024	159,851
Total Regular Education	61,302,587	57,726,511	52,294,321	5,432,190
Special Education:				
Instruction	9,268,191	9,268,191	7,115,686	2,152,505
Support Services - Students	4,220,228	4,265,228	4,048,935	216,293
Support Services - Instructional Staff	694,974	704,974	672,205	32,769
Support Services - General Administration	182,834	182,834	176,336	6,498
Support Services - School Administration	128,278	128,278	100,844	27,434
Support Services - Business and Other	22,266	22,266	11,205	11,061
Operations and Maintenance of Plant	15,400	15,400	10,280	5,120
Total Special Education	14,532,171	14,587,171	12,135,491	2,451,680
Pupil Transportation:				
Student Transportation Services	4,043,905	3,823,905	2,661,659	1,162,246
K-3 Reading	628,695	576,409	576,404	5
Total Expenditures	80,507,358	76,713,996	67,667,875	9,046,121
Excess (Deficiency) of Revenues Over Expenditures	(80,507,358)	(76,713,996)	1,341,953	78,055,949
Other Financing Sources (Uses):				
Transfers Out	(140,000)	(140,000)	(140,000)	-
Net Change in Fund Balance	(80,647,358)	(76,853,996)	1,201,953	78,055,949
Fund Balance:				
Beginning of Year	-	-	8,708,644	8,708,644
Fund Balance for Inventories	-	-	(13,283)	(13,283)
End of Year	\$ (80,647,358)	\$ (76,853,996)	\$ 9,897,314	\$ 86,751,310

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

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

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)		
	2021 (2020)	2020 (2019)	2019 (2018)
District's Proportion of the Net Pension Liability	0.534490%	0.510150%	0.477750%
District's Proportionate Share of the Net Pension Liability	\$ 92,608,517	\$ 74,232,761	\$ 66,629,312
District's Covered Payroll	\$ 61,661,995	\$ 52,227,848	\$ 47,487,001
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	150.19%	142.13%	140.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.33%	73.24%	73.40%

ASRS - Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)		
	2021 (2020)	2020 (2019)	2019 (2018)
District's Proportion of the Net OPEB Liability (Asset)	0.543570%	0.518560%	0.484000%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (384,846)	\$ (143,306)	\$ (174,284)
District's Covered Payroll	\$ 61,661,995	\$ 52,227,848	\$ 47,487,001
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.62%	-0.27%	-0.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	104.33%	101.62%	102.20%

ASRS - Long-Term Disability

	Reporting Fiscal Year (Measurement Date)		
	2021 (2020)	2020 (2019)	2019 (2018)
District's Proportion of the Net OPEB Liability (Asset)	0.539390%	0.515160%	0.478660%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 409,187	\$ 335,598	\$ 250,102
District's Covered Payroll	\$ 61,661,995	\$ 52,227,848	\$ 47,487,001
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	0.66%	0.64%	0.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	68.01%	72.85%	77.83%

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 (CONTINUED)
LAST TEN YEARS**

Reporting Fiscal Year (Measurement Date)				
2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
0.485670%	0.472470%	0.458590%	0.437988%	0.427241%
\$ 75,657,919	\$ 76,261,404	\$ 71,431,652	\$ 64,807,380	\$ 71,026,060
\$ 47,830,468	\$ 44,687,444	\$ 42,321,907	\$ 39,528,352	N/A
158.18%	170.66%	168.78%	163.95%	N/A
69.92%	67.06%	68.35%	69.49%	N/A

Reporting Fiscal Year (Measurement Date)	
2018 (2017)	2017 (2016)
0.489930%	0.004899%
\$ (266,718)	\$ 141,666
\$ 47,830,468	\$ 44,687,444
-0.56%	0.32%
103.57%	N/A

Reporting Fiscal Year (Measurement Date)	
2018 (2017)	2017 (2016)
0.486450%	0.486449%
\$ 176,327	\$ 174,812
\$ 47,830,468	\$ 44,687,444
0.37%	0.39%
84.44%	N/A

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

ASRS - Pension	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily Required Contribution	\$ 6,819,793	\$ 6,685,400	\$ 6,012,774
Contributions in Relation to the Statutorily Required Contribution	<u>6,819,793</u>	<u>6,685,400</u>	<u>6,012,774</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 58,083,161	\$ 61,661,995	\$ 52,227,848
Contributions as a Percentage of Covered Payroll	11.74%	10.84%	11.51%
ASRS - Health Insurance Premium Benefit	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily Required Contribution	\$ 228,763	\$ 286,100	\$ 247,395
Contributions in Relation to the Statutorily Required Contribution	<u>228,763</u>	<u>286,100</u>	<u>247,395</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 58,083,161	\$ 61,661,995	\$ 52,227,848
Contributions as a Percentage of Covered Payroll	0.39%	0.46%	0.47%
ASRS - Long-term Disability	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily Required Contribution	\$ 104,909	\$ 99,259	\$ 86,050
Contributions in Relation to the Statutorily Required Contribution	<u>104,909</u>	<u>99,259</u>	<u>86,050</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 58,083,161	\$ 61,661,995	\$ 52,227,848
Contributions as a Percentage of Covered Payroll	0.18%	0.16%	0.16%

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 CONTRIBUTIONS
COST SHARING PENSION AND OPEB PLANS (CONTINUED)
LAST TEN YEARS**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 5,134,959	\$ 5,106,671	\$ 4,799,916	\$ 4,599,924	\$ 4,224,528
<u>5,134,959</u>	<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>	<u>\$ -</u>
\$ 47,487,001	\$ 47,830,468	\$ 44,687,444	\$ 42,321,907	\$ 39,528,352
10.81%	10.68%	10.74%	10.87%	10.69%

<u>2018</u>	<u>2017</u>
\$ 207,283	\$ 263,749
<u>207,283</u>	<u>263,749</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 47,487,001	\$ 47,830,468
0.44%	0.55%

<u>2018</u>	<u>2017</u>
\$ 75,375	\$ 66,158
<u>75,375</u>	<u>66,158</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 47,487,001	\$ 47,830,468
0.16%	0.14%

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LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN THE MD&A
JUNE 30, 2021

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, 2021

NOTE 3 BUDGETARY COMPARISON SCHEDULE RECONCILIATION

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

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

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 75,260,048	\$ 72,993,793	\$ 416,428	\$ 39,497,644	\$ 42,167,044
Non Maintenance and Operation Activity Included in General Fund	(6,250,220)	(5,181,812)	(556,428)	(24,331,993)	(25,956,829)
Current Year Prepaid Items	-	6,312,901	-	-	(6,312,901)
Items Prepaid in a Prior Fiscal Year that were Reported as Expenditures in the Current Year	-	(6,457,007)	-	(6,457,007)	-
Budgetary Comparison Schedule - General Fund	<u>\$ 69,009,828</u>	<u>\$ 67,667,875</u>	<u>\$ (140,000)</u>	<u>\$ 8,708,644</u>	<u>\$ 9,897,314</u>

NOTE 4 COST SHARING PLAN

Information prior to the measurement date June 30, 2013 and June 30, 2016 for the net pension and OPEB liability, respectively, was not available. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), as amended by GASB Statement No. 85, *Omnibus 2017*, requires the District to present ten years of pension and OPEB information as required supplementary information. However, until a full ten years of trend data is compiled, the District will present information for only those years for which information is available.

**STATISTICAL SECTION
(UNAUDITED)**

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

Fiscal Year	ADM	Increase/ (Decrease)	Percent Change
2020-21	9,921	(960)	-8.82%
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	245	2.61%

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
2020-21	\$ 10,079,369,162	\$ 999,689,119	\$ 1,308,033,889	9.92 %	12.98 %
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

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
2020-21	\$ 173,556,208	\$ 44,413,102	\$ 569,340,394	\$ 206,484,911	\$ 73,184	\$ 5,787,094	\$ 34,226	\$ 999,689,119
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	31,312	619,728,002
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	122,388,225	69,198,419	385,975,862	62,460,710	193,709	-	12,010	640,228,935

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
2020-21	\$ 213,360,086	\$ 87,038,612	\$ 724,778,084	\$ 274,794,354	\$ 93,825	\$ 7,906,565	\$ 62,363	\$ 1,308,033,889
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	644,383,622

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Mining, Utilities, Commercial and Industrial	18.00%	18.00%	18.00%	18.00%	18.00%
Agriculture and Vacant Land	15.00	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	14.00	14.00	14.00	15.00	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, 2021
(UNAUDITED)**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2020-21 Secondary Assessed Valuation</u>	<u>As percent of District's Secondary Assessed Valuation</u>
Arizona Public Service Company	Gas and Electric Utility	\$ 20,955,012	1.60 %
Ball Metal Beverage Container Corp	Manufacturing	13,494,238	1.03
FR PV 303 LLC	Distribution Center	9,100,383	0.70
Wigwam Joint Venture LP	Resort	7,144,202	0.55
Southwest Gas Corporation (T&D)	Gas and Electric Utility	6,614,730	0.51
FR PV 303 Phase 2 LLC	Distribution Center	5,886,278	0.45
United Parcel Service	Distribution Center	4,981,050	0.38
Estrella Falls LLC	Shopping Center	4,336,895	0.33
Litchfield Park Service Company Water	Water and Sewer	4,250,230	0.32
Litchfield Park Service Company Sewer	Water and Sewer	4,226,764	0.32
Totals		<u>\$ 80,989,782</u>	<u>6.19 %</u>

Source: Maricopa County Assessor's Office.

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

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

Fiscal Year	Real Property Tax Levy	Collected to June 30 End of Tax Fiscal Year		Collected as of June 30, 2021	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2020-21	\$ 34,980,570	\$ 34,698,914	99.19 %	\$ 34,698,914	99.19 %
2019-20	33,239,923	32,815,041	98.72	33,232,749	99.98
2018-19	31,466,635	31,217,510	99.21	31,463,286	99.99
2017-18	26,356,929	24,888,823	94.43	26,355,622	100.00
2016-17	26,582,288	26,511,246	99.73	26,580,909	99.99
2015-16	25,361,703	25,039,680	98.73	25,359,075	99.99
2014-15	23,947,689	22,764,864	95.06	23,945,684	99.99
2013-14	22,679,607	21,477,190	94.70	22,678,740	100.00
2012-13	22,723,252	21,599,878	95.06	22,723,252	100.00
2011-12	20,792,256	19,659,028	94.55	20,554,540	98.86

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>
2020-21	1.90	1.62	3.52
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

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, 2021
 (UNAUDITED)**

		Litchfield Elementary School District No. 79
Total Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$	43,385,000
Primary Assessed Valuation		999,689,119
Secondary Assessed Valuation		1,308,033,889
Estimated Net Full Cash Value		10,079,369,162

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, 2021
(UNAUDITED)

Overlapping Jurisdiction	2020/21 Net Limited Assessed Valuation	2020/21 Total Tax Rate Per \$100 Assessed Valuation
State of Arizona	\$ 74,200,233,397	None
Maricopa County	48,724,126,672	1.7722 (a)
Maricopa County Community College District	48,724,126,672	1.2257
Maricopa County Fire District Assistance Tax	48,724,126,672	0.0086
Maricopa County Special Health Care District	48,724,126,672	1.2323
Maricopa County Library District	48,724,126,672	0.0556
Maricopa County Flood Control District (b)	44,882,715,452	0.1792
Central Arizona Water Conservation District	48,724,126,672	0.1400
Buckeye Valley Volunteer Fire District	162,683,487	3.0923
Adaman Irrigation and Water Delivery District #36	NA	10.0500 / acre
McMicken Irrigation District	NA	1.0565 / acre
Roosevelt Irrigation District	NA	29.8100 / acre
Goodyear Community Facilities General District #1	135,154,459	0.9040
Goodyear Community Utilities General District #1	422,333,774	0.9039
Palm Valley Community Facilities District #3	125,512,768	0.5450
Verrado Community Facilities District #1	128,811,129	3.5104
Village at Litchfield Park Community Facilities District	26,677,515	1.3631
Electrical District #7	1,019,503,678	0.0066
City of Avondale	462,085,095	1.4242
City of Buckeye	558,013,165	1.7890
City of Goodyear	1,026,917,731	1.7335
City of Litchfield Park	93,053,344	0.0000
Western Maricopa Education Center (West-MEC) (c)	16,868,540,100	0.1655
Agua Fria Union High School District No. 216	1,454,888,363	3.3515
Litchfield Elementary School District No. 79	999,689,119	3.5229

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

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

(c) Includes the assessed value within Maricopa and Yavapai County.

LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2021
(UNAUDITED)

Overlapping Jurisdiction	General Obligation Bonded Debt	Proportion Applicable to the District (a)	
		Approximate Percent	Net Debt Amount
State of Arizona	None	1.35%	None
Maricopa County	None	2.05%	None
Maricopa County Community College District	\$ 184,715,000	2.05%	\$ 3,786,658
Maricopa County Special Health Care District	640,695,000	2.05%	13,134,248
Buckeye Valley Volunteer Fire District	5,440,000	42.55%	2,314,720
Goodyear Community Facilities General District #1	6,345,000	72.13%	4,576,649
Goodyear Community Facilities Utilities General District #1	28,975,000	95.52%	27,676,920
Palm Valley Community Facilities District	4,635,000	100.00%	4,635,000
Verrado Community Facilities District #1	27,025,000	98.51%	26,622,328
Village at Litchfield Park Community Facilities District	1,660,000	100.00%	1,660,000
City of Avondale	33,140,000	20.60%	6,826,840
City of Buckeye	None	23.38%	None
City of Goodyear	134,805,000	47.77%	64,396,349
City of Litchfield Park	None	100.00%	None
Agua Fria Union High School District No. 216	123,255,000	68.71%	84,688,511
Western Maricopa Education Center (West-MEC)	144,220,000	5.93%	8,552,246
Litchfield Elementary School District No. 79	43,385,000	100.00%	<u>43,385,000</u>
Net Direct and Overlapping General Obligation Bonded Debt			<u>\$ 292,255,466</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, 2021
 (UNAUDITED)**

	Per Capita Bonded Debt Population Estimated at 89,407	As Percent of District's 2020-21 Secondary Assessed Valuation	As Percent of District's 2020-21 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt	\$ 485	3.32%	0.43%
Net Direct and Overlapping General Obligation Debt	3,269	22.34%	2.90%

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, 2021
(UNAUDITED)

Net Secondary Assessed Value		<u>\$ 1,308,033,889</u>
 Total District General Obligation and Refunding Bonds		
Debt Limitation - 15% of Net Secondary Assessed Value		\$ 196,205,083
Amount of Debt Applicable to Debt Limit:		
Class A Bonds Outstanding	\$	-
Class B Bonds Outstanding	43,385,000	
Total Amount of Debt Applicable to Debt Margin		<u>43,385,000</u>
Legal Debt Margin		<u>\$ 152,820,083</u>
 Class B Bonds		
Debt Limit - 10% of Net Secondary Assessed Valuation		\$ 130,803,389
Debt Limit - \$1,500 Per Student Count		14,881,500
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation Bonds Outstanding	\$ 43,385,000	
Total Debt Applicable to Debt Margin		<u>43,385,000</u>
Legal Debt Margin		<u>\$ 87,418,389</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, 2021
(UNAUDITED)**

Fiscal Year	Outstanding General Obligation Bonded Debt Service Requirements		Total Debt Service Requirements
	Principal	Interest	
2021-22	\$ 6,255,000	\$ 1,433,625	\$ 7,688,625
2022-23	6,880,000	1,203,980	8,083,980
2023-24	7,535,000	955,612	8,490,612
2024-25	7,780,000	762,264	8,542,264
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	\$ 43,385,000	\$ 6,087,956	\$ 49,472,956

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, 2021
(UNAUDITED)

Facility	Grade Range
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.

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