Litchfield Elementary School District No. 79 Single Audit Reporting Package

Year Ended June 30, 2023

Litchfield Elementary School District No. 79

Single Audit Reporting Package Year Ended June 30, 2023

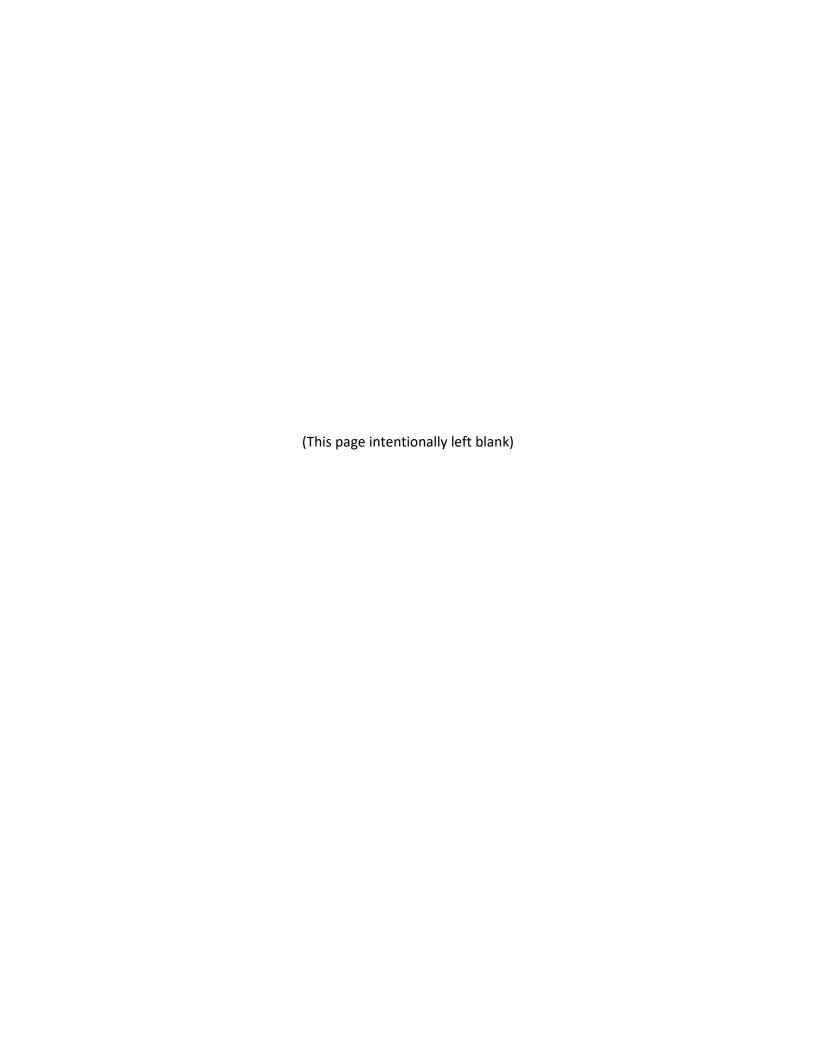
Litchfield Elementary School District No. 79

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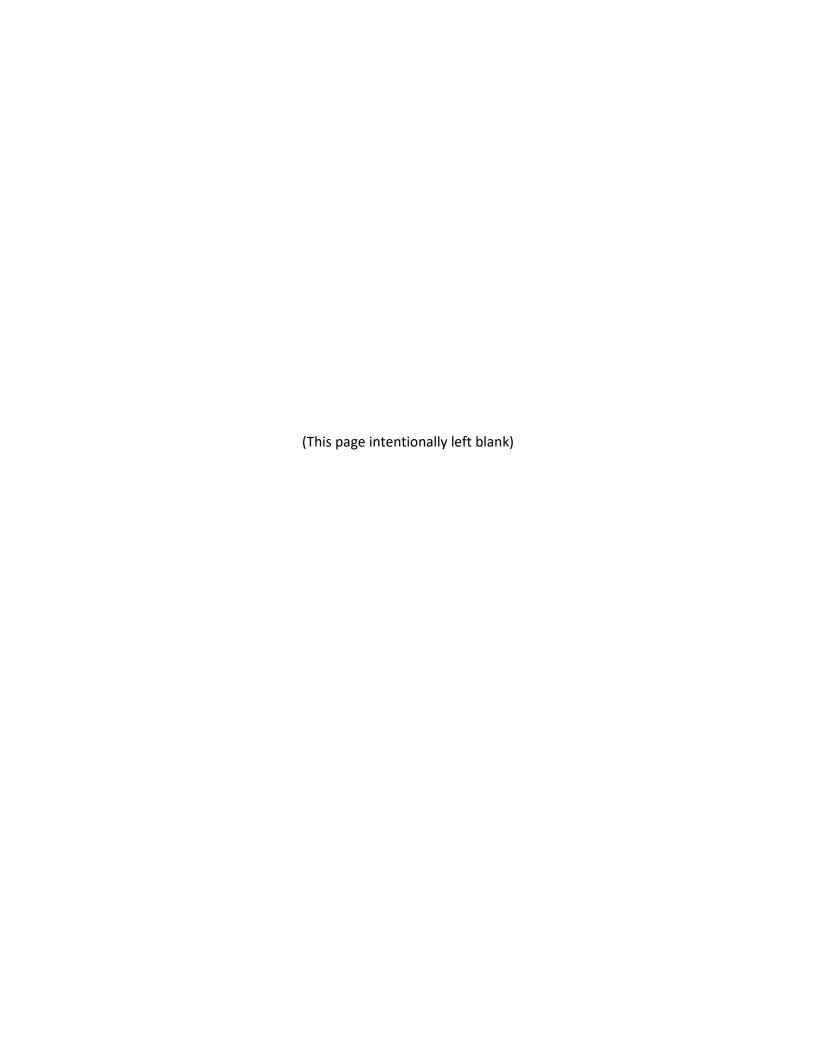
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Independent Auditor's Report

Governing Board Litchfield Elementary School District No. 79

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Litchfield Elementary School District No. 79 (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Litchfield Elementary School District No. 79, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Litchfield Elementary School District No. 79 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Supplementary Information and consider whether a material inconsistency exists between the Other Supplementary Information and the basic financial statements, or the Other Supplementary Information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of Litchfield Elementary School District No. 79's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Litchfield Elementary School District No. 79'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 Litchfield Elementary School District No. 79's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld Meech & Co. PC

Scottsdale, Arizona March 28, 2024 (This page intentionally left blank)

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

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As management of the Litchfield Elementary School District No. 79 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

Financial Highlights

- The District's total net position of governmental activities increased \$8.5 million which represents an nine percent increase from the prior fiscal year primarily as a result of increases in property tax and state aid revenues.
- General revenues accounted for \$106.0 million in revenue, or 84 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$19.9 million or 16 percent of total current fiscal year revenues.
- The District had approximately \$117.4 million in expenses related to governmental activities, an increase of nine percent from the prior fiscal year.
- Among major funds, the General Fund had \$88.6 million current fiscal year revenues, which
 primarily consisted of state aid and property taxes, and \$84.2 million in expenditures. The
 General Fund's fund balance increase from \$47.4 million at the prior fiscal year end to \$52.5
 million at the end of the current fiscal year was primarily due to increases in property tax
 and state aid revenues.

Overview of Financial Statements

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

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

Overview of Financial Statements

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

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

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

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

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

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

Overview of Financial Statements

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

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$106.7 million at the current fiscal year end.

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

Government-Wide Financial Analysis

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

	As of June 30, 2023	As of June 30, 2022
Comment and athernation		
Current and other assets	\$ 86,581,878	\$ 84,421,238
Capital assets, net	141,524,913	142,492,022
Total assets	228,106,791	226,913,260
5.6	42 222 227	40.750.046
Deferred outflows	12,882,887	18,753,846
Current liabilities	12,114,269	11,918,641
Long-term liabilities	115,172,837	110,270,778
Total liabilities	127,287,106	122,189,419
Deferred inflows	6,996,525	25,271,215
Net position:		
Net investment in capital assets	105,100,584	103,427,305
Restricted	17,360,757	16,579,987
Unrestricted	(15,755,294)	(21,800,820)
Total net position	\$ 106,706,047	\$ 98,206,472

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position was negative due to the District's proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

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

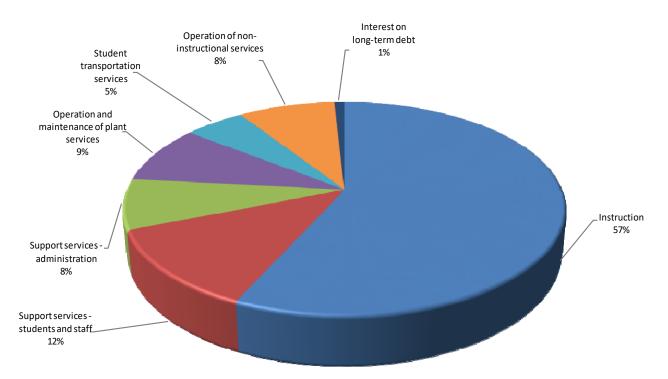
- The principal retirement of \$6.3 million of bonds.
- The addition of \$5.6 million in capital assets through the construction and renovation of schools and purchases of vehicles, furniture and equipment.
- The increase of \$12.6 million in pension and OPEB liabilities.

Government-Wide Financial Analysis

Changes in net position. The District's total revenues for the current fiscal year were \$125.9 million. The total cost of all programs and services was \$117.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	Fiscal Year Ended	Fiscal Year Ended
	June 30, 2023	June 30, 2022
Revenues:	<u> </u>	
Program revenues:		
Charges for services	\$ 6,912,188	\$ 3,209,451
Operating grants and contributions	12,413,141	17,303,163
Capital grants and contributions	545,265	241,007
General revenues:		
Property taxes	35,527,980	31,180,868
Investment income	1,258,379	476,807
Unrestricted county aid		4,403,629
Unrestricted state aid	68,800,349	57,418,746
Unrestricted federal aid	425,216	592,619
Total revenues	125,882,518	114,826,290
Expenses:		
Instruction	66,770,436	62,437,067
Support services - students and staff	14,325,568	12,782,628
Support services - administration	8,886,121	8,850,864
Operation and maintenance of plant services	10,365,865	9,502,347
Student transportation services	6,165,591	5,441,219
Operation of non-instructional services	9,865,262	7,151,163
Interest on long-term debt	1,004,100	1,220,989
Total expenses	117,382,943	107,386,277
Changes in net position	8,499,575	7,440,013
Net position, beginning	98,206,472	90,766,459
Net position, ending	\$ 106,706,047	\$ 98,206,472

Government-Wide Financial Analysis



Expenses - Fiscal Year 2023

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

- An increase of \$4.3 million in property taxes due to an increase in assessed valuations.
- An increase of \$11.4 million in unrestricted state aid due to an increase in the base level support amount.
- An increase in instruction expense of \$4.3 million due to increases in employee salaries and benefits expense.

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

Government-Wide Financial Analysis

	Year Ended Ju	ıne 30, 2023	Year Ended June 30, 2022					
	Total	Net (Expense)/	Total	Net (Expense)/				
	Expenses	Revenue	Expenses	Revenue				
Instruction	\$ 66,770,436	\$ (55,396,091)	\$ 62,437,067	\$ (48,808,719)				
Support services - students and staff	14,325,568	(12,165,734)	12,782,628	(10,787,337)				
Support services - administration	8,886,121	(8,669,554)	8,850,864	(8,565,822)				
Operation and maintenance of								
plant services	10,365,865	(9,902,113)	9,502,347	(8,961,242)				
Student transportation services	6,165,591	(6,140,914)	5,441,219	(5,346,205)				
Operation of non-instructional								
services	9,865,262	(4,233,843)	7,151,163	(2,942,342)				
Interest on long-term debt	1,004,100	(1,004,100)	1,220,989	(1,220,989)				
Total	\$ 117,382,943	\$ (97,512,349)	\$ 107,386,277	\$ (86,632,656)				

- The cost of all governmental activities this year was \$117.4 million.
- Federal and State governments and charges for services supported certain programs with grants and contributions and other local revenues of \$19.9 million.
- Net cost of governmental activities of \$97.5 million was financed by general revenues, which are made up of primarily property taxes of \$35.5 million and state aid of \$68.8 million.

Financial Analysis of the District's Funds

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$66.1 million, a decrease of \$3.4 million due primarily to a \$5.3 million increase in unavailable intergovernmental revenue as a result of a delay in requesting reimbursement from grantors.

Financial Analysis of the District's Funds

The General Fund comprises 79 percent of the total fund balance. Approximately \$51.5 million, or 98 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$5.1 million to \$52.5 million as of fiscal year end was a result of increases in property tax and state aid revenues. General Fund revenues increased \$8.6 million as a result of increases in property tax and state aid revenues. General Fund expenditures increased \$8.0 million. This was a result of increases to employee salaries and benefits due to an increase in the staff supported by the General Fund.

The fund balance decreased in the Federal and State Grants fund by \$5.5 million due to an increase in unavailable intergovernmental revenue as a result of a delay in requesting reimbursement from grantors.

The fund balance of the Debt Service Fund increased \$402,471 to \$581,967 primarily due to an increase in property taxes.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget due to an increase in the revenue control limit. The difference between the original budget and the final amended budget was a \$6.0 million increase, or 7 percent.

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

 The favorable variances of \$6.2 million in instruction, 2.5 million in support services students and staff, and \$1.5 million in support services – administration was a result of vacancy savings, less spending on contracted services than initially expected, and planned budget carryover.

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$234.4 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$5.1 million from the prior fiscal year, primarily due to the construction and renovation of school buildings. Total depreciation expense for the current fiscal year was \$6.5 million.

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

		As of		As of
	Ju	ne 30, 2023	Ju	ne 30, 2022
Capital assets - non-depreciable	\$	22,773,674	\$	24,523,412
Capital assets - depreciable, net		118,751,239		117,968,610
Total	\$	141,524,913	\$	142,492,022

The estimated cost to complete current construction projects is \$3.0 million.

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$39.0 million in long-term debt outstanding, \$7.0 million due within one year. Long-term debt decreased by \$6.6 million due primarily to the retirement of bond principal.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent) of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent) of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$247.4 million and the Class B debt limit is \$165.0 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 8 through 10.

Economic Factors and Next Year's Budget and Rates

Many factors were considered by the District's administration during the process of developing the fiscal year 2023-24 budget. Among them:

- Fiscal year 2022-23 budget balance carry forward (estimated \$10.5 million).
- District student population (estimated 10,073).
- Employee salaries.

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

Budgeted expenditures in the General Fund increased 5 percent to \$95.8 million in fiscal year 2023-24. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2023-24 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Litchfield Elementary School District No. 79, 272 East Sagebrush Street, Litchfield Park, AZ 85340.

Basic Financial Statements

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Government-Wide Financial Statements

Litchfield Elementary School District No. 79 Statement of Net Position June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 63,288,625
Deposits	90,705
Property taxes receivable	371,847
Due from governmental entities	18,816,965
Prepaid items	936,522
Inventory	261,498
Total current assets	83,766,162
Noncurrent assets:	
Capital assets not being depreciated	22,773,674
Capital assets, net accumulated depreciation	118,751,239
OPEB, net assets	2,815,716
Total noncurrent assets	144,340,629
Total assets	228,106,791
Deferred outflows of resources	
Pension plan items	12,575,046
Other postemployment benefit plan items	307,841
Total deferred outflows of resources	12,882,887
Liabilities	
Current liabilities:	
Accounts payable	1,713,321
Accrued payroll and employee benefits	1,853,239
Unearned revenues	22,377
Due to other governmental entities	393,256
Compensated absences payable	535,735
Financed purchases payable	114,351
Bonds payable	6,880,000
Accrued interest payable	601,990
Total current liabilities	12,114,269
Noncurrent liabilities:	
Non-current portion of long-term obligations	115,172,837
Total noncurrent liabilities	115,172,837
Total liabilities	127,287,106
Deferred inflows of resources	
Pension plan items	5,210,214
Other postemployment benefit plan items	1,786,311
Total deferred inflows of resources	6,996,525
Net position	
Net investment in capital assets	105,100,584
Restricted for:	, ,
Instruction	7,502,153
Food service	3,459,333
Non-instructional purposes	5,810,779
Debt service	587,620
Capital outlay	872
Unrestricted	(15,755,294)
Total net position	\$ 106,706,047

Litchfield Elementary School District No. 79 Statement of Activities For the Year Ended June 30, 2023

Net (Expense)
Revenue and
Changes in Net

					Pro	gram Revenue				Position
					Ope	erating Grants	Ca	apital Grants		
			(Charges for		and		and	G	overnmental
Functions/Programs		Expenses		Services	C	ontributions	C	ontributions		Activities
Governmental activities										
Instruction	\$	66,770,436	\$	4,858,538	\$	6,178,751	\$	337,056	\$	(55,396,091)
Support services - students and staff		14,325,568				2,159,834				(12,165,734)
Support services - administration		8,886,121				216,567				(8,669,554)
Operation and maintenance of plant services		10,365,865		201,462		54,081		208,209		(9,902,113)
Student transportation services		6,165,591				24,677				(6,140,914)
Operation of non-instructional services		9,865,262		1,852,188		3,779,231				(4,233,843)
Interest and fiscal charges		1,004,100								(1,004,100)
Total governmental activities	\$	117,382,943	\$	6,912,188	\$	12,413,141	\$	545,265		(97,512,349)
	Ge	neral revenues								
	Р	roperty taxes								35,527,980
	Ir	vestment inco	me							1,258,379
	U	nrestricted sta	te ai	d						68,800,349
	U	nrestricted fed	eral	aid						425,216
		Total general i	reve	nues					_	106,011,924
	Cha	anges in net po	sitio	n						8,499,575
	Ne	t position, begi	nnin	ng of year					_	98,206,472
	Ne	t position, end	of y	ear					\$	106,706,047

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Fund Financial Statements

Litchfield Elementary School District No. 79 Balance Sheet Governmental Funds June 30, 2023

							ľ	Non-Major
				eral and State	Governmental			
	General		Grants De			ebt Service		Funds
Assets								
Cash and investments	\$	35,963,139	\$		\$	7,984,034	\$	19,341,452
Deposits								90,705
Property taxes receivable		286,271				85,576		
Due from governmental entities		12,031,099		6,184,962				600,904
Due from other funds		5,219,521						
Prepaid items		936,522						
Inventory		103,772						157,726
Total assets	\$	54,540,324	\$	6,184,962	\$	8,069,610	\$	20,190,787
Liabilities								
Accounts payable	\$	874,028	\$	137,986	\$		\$	701,307
Due to other funds				5,166,728				52,793
Due to other governmental entities				276,456				116,800
Accrued payroll and employee benefits		1,162,665		378,002				312,572
Unearned revenues				22,377				
Bonds payable						6,880,000		
Bond interest payable						601,990		
Total liabilities		2,036,693		5,981,549		7,481,990	_	1,183,472
Deferred inflows of resources								
Unavailable revenues - property taxes		1,470				5,653		
Unavailable revenues - intergovernmental				6,159,279				
Total deferred inflows of resources		1,470		6,159,279		5,653		
Fund balances								
Nonspendable		1,040,294						157,726
Restricted						581,967		18,975,897
Unassigned		51,461,867		(5,955,866)				(126,308)
Total fund balances		52,502,161	_	(5,955,866)	_	581,967	_	19,007,315
Total liabilities, deferred inflows of resources								
and fund balances	\$	54,540,324	\$	6,184,962	\$	8,069,610	\$	20,190,787

Total Governmental Funds \$ 63,288,625 90,705 371,847 18,816,965 5,219,521 936,522 261,498 88,985,683 \$ 1,713,321 5,219,521 393,256 1,853,239 22,377 6,880,000 601,990 16,683,704 7,123 6,159,279 6,166,402 1,198,020 19,557,864 45,379,693 66,135,577

88,985,683

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Litchfield Elementary School District No. 79 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

Total fund balances - governmental funds		\$	66,135,577
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets Less accumulated depreciation/amortization	\$ 234,378,200 (92,853,287		
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.			141,524,913
Property taxes Intergovernmental	7,123 6,159,279		
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.			6,166,402
Deferred outflows of resources related to pensions/OPEB Deferred inflows of resources related to pensions/OPEB	12,882,887 (6,996,525		
The Net OPEB asset is not a current financial resourse and, therefore, is not reported in the funds.			5,886,362 2,815,716
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			, ,
Other postemployment benefits payable Compensated absences payable Financed purchases payable Bonds payable Net pension liability	(46,140 (2,565,341 (604,986 (31,502,972 (81,103,484)))	
			(115,822,923)

Net position of governmental activities

\$ 106,706,047

Litchfield Elementary School District No. 79 Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2023

			Fed	eral and State				Non-Major overnmental
					Debt Service		Funds	
Revenues								
Other local	\$	1,336,013	\$		\$	73,741	\$	7,201,566
Property taxes	•	27,317,241	•		·	8,324,564	·	, ,
State aid and grants		59,260,336		121,153				9,759,872
Federal aid, grants and reimbursements		640,726		2,971,355				3,676,279
Total revenues		88,554,316		3,092,508	_	8,398,305		20,637,717
Expenditures								
Current:								
Instruction		46,036,422		5,598,723				8,335,599
Support services - students and staff		11,787,541		2,257,298				243,878
Support services - administration		7,827,424		219,245				243,537
Operation and maintenance of plant services		9,880,767		93,129				185,050
Student transportation services		4,687,802		25,851				23,712
Operation of non-instructional services Capital outlay		116,230 3,905,994		107,850 71,025				9,344,700 4,953,769
Debt service:		3,303,334		71,023				4,333,703
Principal retirement						6,880,000		111,209
Interest and fiscal charges						1,205,205		19,318
Total expenditures	_	84,242,180	_	8,373,121	_	8,085,205		23,460,772
Excess (deficiency) of revenues over expenditures		4,312,136		(5,280,613)		313,100		(2,823,055)
Other financing sources (uses)								
Transfers in		912,166				89,371		140,000
Transfers out		(140,000)		(209,253)		•		(792,284)
Insurance recoveries		29,709						
Proceeds from sale of capital assets		1,194						
Total other financing sources (uses)		803,069		(209,253)	_	89,371		(652,284)
Changes in fund balances		5,115,205		(5,489,866)		402,471		(3,475,339)
Fund balances, beginning of year		47,386,956		(466,000)		179,496		22,482,654
Fund balances, end of year	\$	52,502,161	\$	(5,955,866)	\$	581,967	\$	19,007,315

Total	
Governmental	
	Funds
\$	8,611,320
	35,641,805
	69,141,361
	7,288,360
	120,682,846
	59,970,744
	14,288,717
	8,290,206
	10,158,946
	4,737,365
	9,568,780
	8,930,788
	6,991,209
	1,224,523
	124,161,278
	(3,478,432)
	1,141,537
	(1,141,537)
	29,709
	1,194
	30,903
	(3,447,529)
	69,583,106
\$	66,135,577

Litchfield Elementary School District No. 79 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023

Changes in fund balances - total governmental funds		\$ (3,447,529)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Expenditures for capitalized assets Less current year depreciation/amortization	\$ 5,578,966 (6,510,986)	(932,020)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes Intergovernmental	 (113,825) 5,282,594	5,168,769
Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		3,233,. 33
Financed purchase principal retirement Bond principal retirement	 111,209 6,880,000	6,991,209
Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension/OPEB liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.		
Current year pension/OPEB contributions Pension/OPEB expense	 8,023,494 (8,006,828)	16,666
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		10,000
Loss on disposal of assets Amortization of deferred bond items Compensated absences	(35,089) 220,423 517,146	
·	 	702,480
Changes in net position in governmental activities		\$ 8,499,575

Note 1 – Summary of Significant Accounting Policies

The 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 as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

A. Reporting Entity

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

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

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

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

Note 1 – Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies

As permitted by generally accepted accounting principles the District applies the "early recognition" option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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

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

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

The District reports the following major governmental funds:

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

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

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

Note 1 – Summary of Significant Accounting Policies

D. Cash and Investments

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

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

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

E. Investment Income

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

Note 1 – Summary of Significant Accounting Policies

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

H. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. Prepaid Items

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

Note 1 – Summary of Significant Accounting Policies

J. Capital Assets

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

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

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

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

Land improvements5-40 yearsBuildings and improvements5-40 yearsVehicles, furniture and equipment5-15 years

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

The District's employee vacation, earned personal leave and sick leave policies generally provide for granting vacation, personal leave and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements.

Note 1 – Summary of Significant Accounting Policies

M. Pensions and Other Postemployment Benefits

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

N. Long-term Obligations

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

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

O. Interfund Activity

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

P. Net Position Flow Assumption

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

Note 1 – Summary of Significant Accounting Policies

Q. Estimates

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

Note 2 – Fund Balance Classifications

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

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

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

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

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

Note 2 - Fund Balance Classifications

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

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

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

					ļ	Non-Major	
		F	ederal and		Go	vernmental	
	 General	State Grants		Debt Service		Funds	
Fund Balances:							
Nonspendable:							
Inventory	\$ 103,772	\$		\$	\$	157,726	
Prepaid items	936,522						
Restricted:							
Debt service				581,967			
Bond building projects						2,563,899	
Voter approved initiatives						6,763,985	
Food service						3,301,607	
Civic center						3,278,015	
Community schools						2,202,605	
Extracurricular activities						468,903	
Insurance refund						330,159	
Textbooks						7,587	
Student activities						58,265	
Capital projects						872	
Unassigned	51,461,867		(5,955,866)			(126,308)	
Total fund balances	\$ 52,502,161	\$	(5,955,866)	\$ 581,967	\$	19,007,315	

Note 3 – Stewardship, Compliance and Accountability

<u>Individual Deficit Fund Balances</u> – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	 Deficit			
Major Fund:				
Federal and State Grants	\$ 5,955,866			
Non-Major Governmental Fund:				
Other Capital Projects	126,308			

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2023-24 are expected to eliminate the deficits.

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$1,537,979 and the bank balance was \$2,140,988. At year end, \$1,390,988 of the District's deposits were covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name.

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

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

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

Note 4 – Cash and Investments

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

	Average Maturities	Fair Value
County Treasurer's investment pool	469 days	\$ 61,750,646

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

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

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

Note 5 – Receivables

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

				Ν	Ion-Major		
		Fe	ederal and	Gov	Governmental		
	 General	St	ate Grants	Funds			
Due from other governmental entities:							
Due from federal government	\$ 122,588	\$	6,075,816	\$	77,462		
Due from state government	 11,908,511		109,146		523,442		
Net due from governmental entities	\$ 12,031,099	\$	6,184,962	\$	600,904		

Note 6 – Capital Assets

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

	Beginning					Ending
Governmental Activities	 Balance	 Increase		Decrease		Balance
Capital assets, not being depreciated:						
Land	\$ 22,561,037	\$	\$		\$	22,561,037
Construction in progress	 1,962,375	 212,637		1,962,375	_	212,637
Total capital assets, not being depreciated	 24,523,412	 212,637	_	1,962,375	_	22,773,674
Capital assets, being depreciated:						
Land improvements	6,719,290	1,237,994				7,957,284
Buildings and improvements	183,513,248	5,939,501				189,452,749
Vehicles, furniture and equipment	 14,545,003	 151,209		501,719		14,194,493
Total capital assets being depreciated	 204,777,541	 7,328,704		501,719		211,604,526
Less accumulated depreciation for:						
Land improvements	(4,115,238)	(267,577)				(4,382,815)
Buildings and improvements	(73,440,124)	(5,366,955)				(78,807,079)
Vehicles, furniture and equipment	 (9,253,569)	 (876,454)		(466,630)	_	(9,663,393)
Total accumulated depreciation	 (86,808,931)	 (6,510,986)		(466,630)		(92,853,287)
Total capital assets, being depreciated, net	 117,968,610	 817,718	_	35,089	_	118,751,239
Governmental activities capital assets, net	\$ 142,492,022	\$ 1,030,355	\$	1,997,464	\$	141,524,913

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 5,220,388
Support services – students and staff	31,794
Support services – administration	165,206
Operation and maintenance of plant services	72,695
Student transportation services	811,619
Operation of non-instructional services	 209,284
Total depreciation expense – governmental activities	\$ 6,510,986

<u>Construction Commitments</u> – At year end, the District had contractual commitments related to various capital projects for the construction of school buildings. At year end the District had spent \$212,637 on the projects and had estimated remaining contractual commitments of \$3.0 million. These projects are being funded with bond proceeds and property tax revenues.

Note 7 – Short Term Debt

Revolving Line of Credit – The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$5.0 million in unused line of credit.

Note 8 – Financed Purchases Payable

The District has acquired energy savings equipment under the provisions of a contracts classified as a financed purchases payables. Revenues from the General Fund are transferred to the Other Capital Projects Fund to pay the debt obligations when due.

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

	Governmental Activities							
Year ending June 30:		Principal	Interest					
2024	\$	114,351	\$	16,176				
2025		117,582		12,945				
2026		120,903		9,624				
2027		124,319		6,208				
2028		127,831		2,696				
Total	\$	604,986	\$	47,649				

Note 9 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District's legal debt limit is \$247.4 million and the available margin is \$209.4 million.

	Original		Outstanding					
	Amount	Interest	Remaining	Principal	Due Within			
Purpose	Issued	Rates	Maturities	June 30, 2023	One Year			
Governmental activities:								
General obligation bonds:								
School Improvement Bonds, Project 2009	10,325,000	5.00%	7/1/23	3,780,000	3,780,000			
School Improvement Bonds, Series 2015	15,675,000	2.00-4.00%	7/1/23-30	11,975,000	1,025,000			
School Improvement Bonds, Series 2016	6,000,000	2.00-3.50%	7/1/23-30	3,495,000	125,000			
School Improvement Bonds, Series 2018	14,760,000	3.00-5.00%	7/1/23-30	11,835,000	775,000			
Private placement bonds:								
School Improvement Bonds, Series 2021	7,000,000	1.01%	7/1/23-25	6,045,000	1,175,000			
Total				\$ 37,130,000	\$ 6,880,000			

Note 9 – General Obligation Bonds Payable

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

	Governmental Activities										
		General Obli	gatio	on Bonds		Private Place	emei	nt Bonds			
Year ending June 30:		Principal Interest				Principal		Interest			
2024	\$	5,705,000	\$	1,024,676	\$	1,175,000	\$	55,121			
2025		5,050,000		822,301		2,485,000		36,638			
2026		5,395,000		659,426		2,385,000		12,044			
2027		2,785,000		529,164							
2028		2,875,000		412,589							
2029-31		9,275,000		500,389							
Total	\$	31,085,000	\$	3,948,545	\$	6,045,000	\$	103,803			

Note 10 – Changes in Long-Term Liabilities

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

	Beginning							Ending		Due Within	
		Balance		Additions	Reductions		Balance		One Year		
Governmental activities:											
Bonds payable:											
General obligation bonds	\$	36,385,000	\$		\$	5,300,000	\$	31,085,000	\$	5,705,000	
Private placement bonds		7,000,000				955,000		6,045,000		1,175,000	
Premium		1,473,395				220,423		1,252,972			
Total bonds payable		44,858,395				6,475,423		38,382,972		6,880,000	
Financed purchases payable		716,195				111,209		604,986		114,351	
Net OPEB liability		108,408				62,268		46,140			
Net pension liability		68,418,982		12,684,502				81,103,484			
Compensated absences payable		3,082,487		414,273		931,419		2,565,341		535,735	
Total long-term liabilities	\$	117,184,467	\$	13,098,775	\$	7,580,319	\$	122,702,923	\$	7,530,086	

The District updated the disclosure of long-term debt activity in the current year to include the current portion of bonds payable in the ending balance and due within one year, rather than presenting it as retired.

Note 11 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other funds – At year end, the Federal and State Grants Fund, a major governmental fund, and the Other Capital Projects Fund, a non-major governmental fund, had negative cash balances of \$5,166,728 and \$52,793, respectively, in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	 Transfers in									
				Go	vernmental					
Transfers out	 General	De	bt Service		Funds		Total			
General	\$	\$		\$	140,000	\$	140,000			
Federal and State Grants	209,253						209,253			
Non-Major Governmental Funds	 702,913		89,371				792,284			
Total	\$ 912,166	\$	89,371	\$	140,000	\$	1,141,537			

Transfers between funds were used to (1) move investment income and premium earned in the Bond Building Fund, a non-major governmental fund, that is required by statute to be expended in the Debt Service Fund, (2) to move federal grant funds restricted for indirect costs, and (3) to move energy and water savings repayments from the General Fund.

Note 12 – Contingent Liabilities

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

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

Note 13 - Risk Management

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

The District joined the Valley Schools Employee Benefit Trust (VSEBT) for risks of loss related to employee health and accident claims. VSEBT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays monthly premiums to VSEBT for its employee health and accident insurance coverage. The agreement provides that VSEBT will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

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

Note 14 – Pensions and Other Postemployment Benefits

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

Note 14 – Pensions and Other Postemployment Benefits

Aggregate Amounts. At June 30, 2023, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pensi	on	OPEB		
Net assets	\$	\$	(2,815,716)		
Net liability	81,	103,484	46,140		
Deferred outflows of resources	12,	575,046	307,841		
Deferred inflows of resources	5,	210,214	1,786,311		
Expense	8,	289,368	(282,540)		
Contributions	7,	858,673	164,821		

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

Retirement Initial Membership Date:

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

^{*}With actuarially reduced benefits

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

Note 14 - Pensions and Other Postemployment Benefits

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. 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 long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

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

	Cor	ntributions
Pension	\$	7,858,673
Health Insurance Premium		72,521
Long-Term Disability		92,300

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

Note 14 – Pensions and Other Postemployment Benefits

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

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

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

	Net	District	Increase
	 Liability	% Proportion	(Decrease)
Pension	\$ 81,103,484	0.497	(0.024)
Health Insurance Premium	(2,815,716)	0.505	(0.025)
Long-Term Disability	46,140	0.500	(0.025)

Pension/OPEB Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension and OPEB assets/liability. Certain changes in the net pension and OPEB assets/liability are recognized as pension and OPEB expense over a period of time rather than the year of occurrence. For the year ended June 30, 2023, the District recognized pension and OPEB expense as follows:

	 Expense			
Pension	\$ 8,289,368			
Health Insurance Premium	(295,273)			
Long-Term Disability	12,733			

Note 14 – Pensions and Other Postemployment Benefits

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

	Deferred Outflows of Resources						
	Health						
			li	nsurance	Lo	ng-Term	
	Pension		F	Premium	Disability		
Differences between expected and actual experience	\$	691,050	\$		\$	24,016	
Changes of assumptions or other inputs		4,025,323		45,699		25,128	
Net difference between projected and actual earnings on pension investments							
Changes in proportion and differences between							
contributions and proportionate share of contributions				32,557		15,620	
Contributions subsequent to the measurement date		7,858,673		72,521		92,300	
Total	\$	12,575,046	\$	150,777	\$	157,064	
		Defe	erred In	flows of Resou	rces		
	-			Health			
			li	nsurance	Lo	ng-Term	
		Pension	F	Premium	D	isability	
Differences between expected and actual experience	\$		\$	1,436,981	\$	42,993	
Changes of assumptions or other inputs				76,794		112,613	
Net difference between projected and actual earnings							
on pension investments		2,136,344		94,848		1,434	
Changes in proportion and differences between							
contributions and proportionate share of contributions		3,073,870		1,849		18,799	
Total	\$	5,210,214	\$	1,610,472	\$	175,839	

Note 14 – Pensions and Other Postemployment Benefits

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

			Health	
			Insurance	Long-Term
Year Ending June 30:	Pension		 Premium	Disability
2024	\$	1,908,557	\$ (423,132)	\$ (9,088)
2025		(2,112,522)	(460,805)	(11,668)
2026		(3,709,196)	(505,544)	(22,475)
2027		3,419,320	(69,796)	(2,224)
2028			(72,939)	(22,919)
Thereafter				(42,701)

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

	Pension	OPEB
Actuarial valuation date	June 30, 2021	June 30, 2021
Actuarial roll forward date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%
Projected salary increases	2.3%	Not applicable
Inflation	2.9-8.4%	2.3%
Permanent base increases	Included	Not applicable
Mortality rates	2017 SRA Scale U-MP	Health Ins: 2017 SRA
		Scale U-MP, LTD: 2012
		GLDT

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

Note 14 – Pensions and Other Postemployment Benefits

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

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

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

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

Note 14 – Pensions and Other Postemployment Benefits

Sensitivity of the Proportionate Share of the Net Pension and OPEB Asset/Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension and OPEB assets/liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

		Proportionate share of the net (assets) liability								
		Current								
	1	1% Decrease Discount Rate				1% Increase				
Rate		6.0%		7.0%		8.0%				
Pension	\$	119,665,779	\$	81,103,484	\$	48,948,554				
Health Insurance Premium		(2,024,654)		(2,815,716)		(3,486,919)				
Long-Term Disability		76,487		46,140		16,729				

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

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Required Supplementary Information

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General

For the Year Ended June 30, 2023

		Bud	lget				
				-	Non-GAAP	٧	ariance with
	Original Final		Final	Actual	Final Budget		
Revenues							
Other local	\$		\$		\$ 334,357	\$	334,357
Property taxes					26,172,791		26,172,791
State aid and grants					 54,586,397		54,586,397
Total revenues			_		81,093,545		81,093,545
Expenditures							
Current:							
Instruction		49,933,953		51,958,585	45,793,868		6,164,717
Support services - students and staff		12,106,160		13,895,164	11,434,834		2,460,330
Support services - administration		8,921,651		9,774,349	8,321,990		1,452,359
Operation and maintenance of plant services		9,856,358		10,817,657	10,041,155		776,502
Student transportation services		4,503,108		4,782,919	4,665,427		117,492
Operation of non-instructional services		2,600		99,244	 58,762		40,482
Total expenditures		85,323,830	_	91,327,918	 80,316,036		11,011,882
Excess (deficiency) of revenues over expenditures		(85,323,830)		(91,327,918)	 777,509		92,105,427
Other financing sources (uses)							
Transfers out					(140,000)		(140,000)
Total other financing sources (uses)			_		 (140,000)		(140,000)
Changes in fund balances		(85,323,830)		(91,327,918)	 637,509		91,965,427
Fund balances, beginning of year					 12,109,259		12,109,259
Fund balances, end of year	\$	(85,323,830)	\$	(91,327,918)	\$ 12,746,768	\$	104,074,686

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Federal and State Grants For the Year Ended June 30, 2023

	Budget			
				Variance with
	Original	Final	Actual	Final Budget
Revenues				
Other local	\$	\$	\$	\$
State aid and grants			121,153	121,153
Federal aid, grants and reimbursements			2,971,355	2,971,355
Total revenues			3,092,508	3,092,508
Expenditures				
Current:				
Instruction	9,280,546	9,316,455	5,598,723	3,717,732
Support services - students and staff	3,741,739	3,756,217	2,257,298	1,498,919
Support services - administration	363,425	364,831	219,245	145,586
Operation and maintenance of plant services	154,372	154,970	93,129	61,841
Student transportation services	42,851	43,017	25,851	17,166
Operation of non-instructional services	178,774	•	107,850	71,616
Capital outlay	117,732	118,188	71,025	47,163
Total expenditures	13,879,439	13,933,143	8,373,121	5,560,022
Excess (deficiency) of revenues over expenditures	(13,879,439) (13,933,143)	(5,280,613)	8,652,530
Other financing sources (uses)				
Transfers out			(209,253)	(209,253)
Total other financing sources (uses)			(209,253)	(209,253)
Changes in fund balances	(13,879,439) (13,933,143)	(5,489,866)	8,443,277
Fund balances, beginning of year			(466,000)	(466,000)
Fund balances, end of year	\$ (13,879,439) \$ (13,933,143)	\$ (5,955,866)	\$ 7,977,277

Litchfield Elementary School District No. 79 Schedule of the Proportionate Share of the Net Pension Liability Arizona State Retirement System Last Nine Fiscal Years

	<u>2023</u>		2022		<u>2021</u>		<u>2020</u>	
Measurement date	Ju	ine 30, 2022	Ju	ıne 30, 2021	Ju	ine 30, 2020	Ju	ıne 30, 2019
District's proportion of the net pension (assets) liability		0.50%		0.52%		0.53%		0.51%
District's proportionate share of the net pension (assets) liability	\$	81,103,484	\$	68,418,982	\$	92,608,517	\$	74,232,761
District's covered payroll	\$	59,178,568	\$	58,538,996	\$	61,661,995	\$	52,227,848
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll		137.05%		116.88%		150.19%		142.13%
Plan fiduciary net position as a percentage of the total pension liability		74.26%		78.58%		69.33%		73.24%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 7,858,673	\$ 7,107,346	\$ 6,819,793	\$ 6,685,400
Contributions in relation to the actuarially determined contribution	 7,858,673	 7,107,346	 6,819,793	 6,685,400
Contribution deficiency (excess)	\$ 	\$ 	\$ 	\$
District's covered payroll	\$ 65,928,465	\$ 59,178,568	\$ 58,538,996	\$ 61,661,995
Contributions as a percentage of covered payroll	11.92%	12.01%	11.65%	10.84%

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

	<u>2019</u>		<u>2018</u>	<u>2017</u>		<u>2016</u>			<u>2015</u>		
Ju	ne 30, 2018	June 30, 2017		June 30, 2016		June 30, 2017 June 30, 2016		June 30, 201		Ju	ne 30, 2014
	0.48%		0.49%		0.47%		0.46%		0.44%		
\$	66,629,312	\$	75,657,919	\$	76,261,404	\$	71,431,624	\$	64,807,380		
\$	47,487,001	\$	47,830,468	\$	44,687,444	\$	42,321,907	\$	39,528,352		
	140.31%		158.18%		170.66%		168.78%		163.95%		
	73.40%		69.92%		67.06%		68.35%		69.49%		

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 6,012,774	\$ 5,134,959	\$ 5,106,671	\$ 4,799,916	\$ 4,599,924
 6,012,774	 5,134,959	 5,106,671	 4,799,916	 4,599,924
\$ 	\$	\$ 	\$	\$
\$ 52,227,848	\$ 47,487,001	\$ 47,830,468	\$ 44,687,444	\$ 42,321,907

Litchfield Elementary School District No. 79 Schedule of the Proportionate Share of the Net OPEB Liability Arizona State Retirement System - Health Insurance Premium Last Six Fiscal Years

	<u>2023</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>	
Measurement date	June 30, 2022		June 30, 2021		June 30, 2020		Ju	une 30, 2019
District's proportion of the net OPEB (assets) liability		0.51%		0.53%		54.30%		0.52%
District's proportionate share of the net OPEB (assets) liability	\$	(2,815,716)	\$	(2,580,547)	\$	(384,846)	\$	(143,306)
District's covered payroll	\$	59,178,568	\$	58,538,996	\$	61,661,995	\$	52,227,848
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll		(4.76)%		(4.41)%		(0.62)%		(0.27)%
Plan fiduciary net position as a percentage of the total OPEB liability		137.79%		130.24%		104.33%		101.62%

Schedule of OPEB Contributions Arizona State Retirement System - Health Insurance Premium Last Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 72,521	\$ 234,385	\$ 228,763	\$ 286,100
Contributions in relation to the actuarially determined contribution	 72,521	 234,385	 228,763	286,100
Contribution deficiency (excess)	\$	\$ 	\$	\$
District's covered payroll	\$ 65,928,465	\$ 59,178,568	\$ 58,538,996	\$ 61,661,995
Contributions as a percentage of covered payroll	0.11%	0.40%	0.39%	0.46%

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

<u>2018</u>		<u>2019</u>						
June 30, 2017	Ju	June 30, 2018						
0.49%		0.48%						
(266,718)	\$	(174,284)	\$					
47,830,468	\$	47,487,001	\$					
(0.56)%		(0.37)%						
103.57%		102.20%						

<u>2019</u>	<u>2018</u>				
\$ 247,395	\$ 207,283				
247,395	207,283				
\$	\$ 				
\$ 52,227,848	\$ 47,487,001				
0.47%	0.44%				

Litchfield Elementary School District No. 79 Schedule of the Proportionate Share of the Net OPEB Liability Arizona State Retirement System - Long-Term Disability Last Six Fiscal Years

	2023		<u>2022</u>		<u>2021</u>		<u>2020</u>	
Measurement date	Ju	une 30, 2022	Ju	une 30, 2021	Ju	ıne 30, 2020	Jı	une 30, 2019
District's proportion of the net OPEB (assets) liability		0.50%		0.53%		0.54%		0.52%
District's proportionate share of the net OPEB (assets) liability	\$	46,140	\$	108,408	\$	409,187	\$	335,598
District's covered payroll	\$	59,178,568	\$	58,538,996	\$	61,661,995	\$	52,227,848
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll		0.08%		0.19%		0.66%		0.64%
Plan fiduciary net position as a percentage of the total OPEB liability		95.40%		90.38%		68.01%		72.85%

Schedule of OPEB Contributions Arizona State Retirement System - Long-Term Disability Last Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 92,300	\$ 108,178	\$ 104,909	\$ 99,259
Contributions in relation to the actuarially determined contribution	 92,300	108,178	104,909	 99,259
Contribution deficiency (excess)	\$	\$	\$	\$
District's covered payroll	\$ 65,928,465	\$ 59,178,568	\$ 58,538,996	\$ 61,661,995
Contributions as a percentage of covered payroll	0.14%	0.18%	0.18%	0.16%

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

	<u>2019</u>		<u>2018</u>
June	e 30, 2018	Ju	ine 30, 2017
	0.48%		0.49%
\$	250,102	\$	176,327
\$	47,487,001	\$	47,830,468
	0.53%		0.37%
	77.83%		84.44%

<u>2019</u>	<u>2018</u>
\$ 86,050	\$ 75,375
 86,050	 75,375
\$ 	\$
\$ 52,227,848	\$ 47,487,001
0.16%	0.16%

Litchfield Elementary School District No. 79 Notes to Required Supplementary Information June 30, 2023

Note 1 – Budgetary Basis of Accounting

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

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

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

				Fund	
	Total		Balances		
	Expenditures		End of Year		
Statement of Revenues, Expenditures and Changes in					
Fund Balances - Governmental Funds	\$	84,242,180	\$	52,502,161	
Activity budgeted as special revenue funds		(1,820,999)		(16,464,648)	
Activity budgeted as capital projects funds		(3,630,497)		(14,983,394)	
Current-year prepaid items		6,769,372		(6,769,372)	
Prior-year prepaid items		(6,169,709)			
Employee insurance account		925,689		(1,537,979)	
Schedule of Revenue, Expenditures and Changes in					
Fund Balances – Budget and Actual - General Fund	\$	80,316,036	\$	12,746,768	

Note 2 – Pension Plan Schedules

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

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

Supplementary Information

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Governmental Funds

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Classroom Site For the Year Ended June 30, 2023

	Budget				
			Variance with		
	Original and Final	Actual	Final Budget		
Revenues					
Other local	\$	\$ 107,376	\$ 107,376		
State aid and grants		8,302,902	8,302,902		
Total revenues		8,410,278	8,410,278		
Expenditures					
Current:					
Instruction	12,319,500	7,913,210	4,406,290		
Total expenditures	12,319,500	7,913,210	4,406,290		
Changes in fund balances	(12,319,500)	497,068	12,816,568		
Fund balances, beginning of year		4,025,184	4,025,184		
Fund balances, end of year	\$ (12,319,500)	\$ 4,522,252	\$ 16,841,752		

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Instructional Improvement For the Year Ended June 30, 2023

		Budget					
					Va	riance with	
	Orig	riginal and Final Actual			Final Budget		
Revenues							
Other local	\$		\$	22,153	\$	22,153	
State aid and grants				1,237,111		1,237,111	
Total revenues				1,259,264		1,259,264	
Expenditures							
Current:							
Instruction		1,028,695		222,978		805,717	
Support services - students and staff		907,864		196,787		711,077	
Total expenditures		1,936,559		419,765		1,516,794	
Changes in fund balances		(1,936,559)		839,499		2,776,058	
Fund balances, beginning of year				1,402,234		1,402,234	
Fund balances, end of year	\$	(1,936,559)	\$	2,241,733	\$	4,178,292	

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Food Service For the Year Ended June 30, 2023

	Budget			
				ariance with
	Original and Final	 Actual	Final Budget	
Revenues				
Other local	\$	\$ 1,735,428	\$	1,735,428
Federal aid, grants and reimbursements		 3,676,279		3,676,279
Total revenues		 5,411,707		5,411,707
Expenditures				
Current:				
Operation of non-instructional services	6,600,690	5,359,145		1,241,545
Capital outlay	467	 379		88
Total expenditures	6,601,157	 5,359,524		1,241,633
Excess (deficiency) of revenues over expenditures	(6,601,157)	 52,183		6,653,340
Other financing sources (uses)				
Transfers out		 (702,913)		(702,913)
Total other financing sources (uses)		 (702,913)		(702,913)
Changes in fund balances	(6,601,157)	 (650,730)		5,950,427
Fund balances, beginning of year		 4,110,063		4,110,063
Fund balances, end of year	\$ (6,601,157)	\$ 3,459,333	\$	10,060,490

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Other Special Revenue For the Year Ended June 30, 2023

		Buc	lget				
		Original		Final	Actual		 ariance with inal Budget
Revenues	-						
Other local	\$		\$		\$	5,233,963	\$ 5,233,963
Total revenues						5,233,963	5,233,963
Expenditures							
Current:							
Instruction		349,501		363,786		199,411	164,375
Support services - students and staff		82,535		85,908		47,091	38,817
Support services - administration		426,839		444,286		243,537	200,749
Operation and maintenance of plant services		324,331		337,587		185,050	152,537
Student transportation services		41,559		43,258		23,712	19,546
Operation of non-instructional services		6,985,342		7,270,865		3,985,555	3,285,310
Capital outlay		44,625		46,449		25,461	20,988
Total expenditures		8,254,730		8,592,139		4,709,817	 3,882,322
Changes in fund balances		(8,254,730)		(8,592,139)		524,146	 9,116,285
Fund balances, beginning of year						5,821,388	 5,821,388
Fund balances, end of year	\$	(8,254,730)	\$	(8,592,139)	\$	6,345,534	\$ 14,937,673

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Debt Service

For the Year Ended June 30, 2023

	Budget		
			Variance with
	Original and Final	Actual	Final Budget
Revenues			
Other local	\$	\$ 73,741	\$ 73,741
Property taxes		8,324,564	8,324,564
Total revenues		8,398,305	8,398,305
Expenditures			
Debt service:			
Principal retirement	6,880,000	6,880,000	
Interest and fiscal charges	1,206,980	1,205,205	1,775
Total expenditures	8,086,980	8,085,205	1,775
Excess (deficiency) of revenues over expenditures	(8,086,980)	313,100	8,400,080
Other financing sources (uses)			
Transfers in		89,371	89,371
Total other financing sources (uses)		89,371	89,371
Changes in fund balances	(8,086,980)	402,471	8,489,451
Fund balances, beginning of year		179,496	179,496
Fund balances, end of year	\$ (8,086,980)	\$ 581,967	\$ 8,668,947

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Adjacent Ways For the Year Ended June 30, 2023

	E	Budget				
				Variance with		
	Origin	al and Final	Actual	Final Budget		
Revenues						
Other local	\$		\$ 3,680	\$	3,680	
Total revenues			 3,680		3,680	
Expenditures						
Capital outlay		558,628	391,129		167,499	
Total expenditures		558,628	 391,129		167,499	
Changes in fund balances		(558,628)	 (387,449)		171,179	
Fund balances, beginning of year			 388,321		388,321	
Fund balances, end of year	\$	(558,628)	\$ 872	\$	559,500	

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Bond Building

For the Year Ended June 30, 2023

		Budget				
	Origi	inal and Final		Actual	 Variance with Final Budget	
Revenues						
Other local	\$		\$	89,371	\$ 89,371	
Total revenues				89,371	 89,371	
Expenditures						
Capital outlay		7,095,934		3,945,974	 3,149,960	
Total expenditures		7,095,934		3,945,974	 3,149,960	
Excess (deficiency) of revenues over expenditures		(7,095,934)		(3,856,603)	 3,239,331	
Other financing sources (uses)						
Transfers out				(89,371)	 (89,371)	
Total other financing sources (uses)			_	(89,371)	 (89,371)	
Changes in fund balances		(7,095,934)		(3,945,974)	 3,149,960	
Fund balances, beginning of year				6,509,873	 6,509,873	
Fund balances, end of year	\$	(7,095,934)	\$	2,563,899	\$ 9,659,833	

Litchfield Elementary School District No. 79 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Other Capital Projects For the Year Ended June 30, 2023

	Budget						
						Va	riance with
		Original		Final	 Actual	Fi	nal Budget
Revenues							
Other local	\$		\$		\$ 9,595	\$	9,595
State aid and grants					 219,859		219,859
Total revenues					 229,454		229,454
Expenditures							
Capital outlay		746,415		921,415	590,826		330,589
Debt service:							
Principal retirement		111,209		111,209	111,209		
Interest and fiscal charges		19,318		19,318	 19,318		
Total expenditures		876,942		1,051,942	 721,353		330,589
Excess (deficiency) of revenues over expenditures		(876,942)		(1,051,942)	 (491,899)		560,043
Other financing sources (uses)							
Transfers in					140,000		140,000
Total other financing sources (uses)			_		 140,000		140,000
Changes in fund balances		(876,942)		(1,051,942)	(351,899)		700,043
Fund balances, beginning of year					 225,591		225,591
Fund balances, end of year	\$	(876,942)	\$	(1,051,942)	\$ (126,308)	\$	925,634

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Other Supplementary Information (Continuing Bond Disclosure Tables)

Litchfield Elementary School District No. 79 Enrollment (ADM) Last Ten Fiscal Years

Fiscal		Increase/	Percent
Year	ADM	Decrease	Change
2022-23	10,022	(104)	-1.03%
2021-22	10,126	205	2.07%
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%

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

Percent of Assessed

11.82%

11.97%

Valuation of Estimated **Actual Valuation** Assessed Valuation **Estimated Actual** Fiscal Year Valuation Primary Secondary Primary Secondary 2022-23 1,226,791,462 1,649,604,176 13.36% 12,349,396,103 9.93% 2021-22 10,971,851,840 1,101,917,815 1,466,301,046 10.04% 13.36% 12.98% 2020-21 10,079,369,162 999,689,119 1,308,033,889 9.92% 902,684,659 2019-20 9,171,061,802 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 11.50% 9.75% 2014-15 5,639,986,190 619,728,002 652,775,053 10.99% 11.57%

Source: 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.

570,004,892

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%.

577,493,266

2013-14

4,822,640,096

Litchfield Elementary School District No. 79 Assessed Valuation by Property Classification Last Ten Fiscal Years

Net Limited Assessed Valuation by Property Classification

							Certain	
	Mines, Utilities		Primary	Lease or	Railroad		Government	
	and	Agriculture	Residential	Rented	and	Historical	Property	
Fiscal Year	Commercial	and Vacant	Property	Residential	Airlines	Property	Improvements	Total
2022-23 \$	225,765,974	49,907,160	678,996,253	252,250,748	105,660	19,765,667	-	1,226,791,462
2021-22	206,995,485	44,907,112	615,837,998	222,348,907	71,307	11,721,069	35,937	1,101,917,815
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	395,228	26,198	656,374,248
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

Secondary Assessed Valuation by Property Classification

	Mines, Utilities and	Agriculture	Primary Residential	Lease or Rented	Railroad and	Historical	Certain Government Property	
Fiscal Year	Commercial	and Vacant	Property	Residential	Airlines	Property	Improvements	Total
2022-23 \$	288,102,400	97,695,650	887,500,442	351,409,528	140,880	24,755,276	-	1,649,604,176
2021-22	264,071,863	88,572,889	795,433,828	304,301,113	93,825	13,767,251	60,277	1,466,301,046
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	577,493,267

Source: 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

Property Classification (a)	2019	2020	2021	2022	2023
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 Cares, and Airlines	14.00	15.00	15.00	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, 2023

Taxpayer	Type of Property	2022-23 Secondary Assessed Valuation	As percent of District's Secondary Assessed Valuation
Microsoft Corporation	Datacenter Services	\$ 19,973,346	1.63%
Southwest Gas Corporation (T&D)	Gas and Electric Utility	16,312,449	1.33%
Amazon.com Services LLC	Distribution Center	14,033,483	1.14%
BDPF Park 303 LLC	Distribution Center	13,700,492	1.12%
FR PV 303 Phase 2 LLC	Distribution Center	12,330,570	1.01%
West 303 Phase I LLC	Distribution Center	9,038,874	0.74%
First American Title Ins Co TR 7854	Insurance Company	8,289,430	0.68%
Barclay Grace Investments LLC	Investment Company	7,037,227	0.57%
Lex Goodyear (17510 WTR) LLC	Resort	6,490,594	0.53%
Wigwam Joint Venture LP	Real Estate	6,254,413	0.51%
Totals		\$ 113,460,878	9.26%

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

Collected to June 30 End of Tax Fiscal Year

Collected as of June 30, 2023

	Real Property Tax		Percent of		Percent of
Fiscal Year	Levy	Amount	Tax Levy	Amount	Tax Levy
2022-23	40,980,037	39,361,336	96.05%	39,361,336	96.05%
2021-22	37,918,653	36,069,720	95.12	37,912,786	99.98
2020-21	34,980,570	34,698,914	99.19	34,977,556	99.99
2019-20	33,239,923	32,815,041	98.72	33,236,858	99.99
2018-19	31,466,635	31,217,510	99.21	31,465,171	100.00
2017-18	26,356,929	24,888,823	94.43	26,356,399	100.00
2016-17	26,582,288	26,511,246	99.73	26,581,831	100.00
2015-16	25,361,703	25,039,680	98.73	25,359,928	99.99
2014-15	23,947,689	22,764,864	95.06	23,947,293	100.00
2013-14	22,679,607	21,477,190	94.70	22,679,174	100.00

Source: Maricopa County Assessor's Office.

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

<u>Assessment and Collections</u>: 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

Fiscal Year	Primary	Secondary	Total
2022-23	1.79	1.51	3.30
2021-22	1.95	1.55	3.50
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

Source: Maricopa County Assessor's Office.

Note: 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, 2023

		Litchfield
	Elen	nentary School
	Di	strict No. 79
Total Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$	37,130,000
Primary Assessed Valuation		1,226,791,462
Secondary Assessed Valuation	:	1,649,604,176
Estimated Net Full Cash Value	10	6,572,660,427

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, 2023

		2022/23
	2022/23	Total Tax
	Net Limited	Rate Per \$100
	Assessed	Assessed
Overlapping Jurisdiction	Valuation	Valuation
State of Arizona	\$ 78,405,598,978	None
Maricopa County	51,575,018,189	1.2473 <i>(a)</i>
Maricopa County Community College District	51,575,018,189	1.1894
Maricopa County Fire District Assistance Tax	51,575,018,189	0.0082
Maricopa County Special Health Care District	51,575,018,189	0.2488
Maricopa County Library District	51,575,018,189	0.0505
Maricopa County Flood Control District (b)	51,575,018,189	0.1592
Central Arizona Water Conservation District	51,575,018,189	0.1400
Buckeye Valley Volunteer Fire District	196,015,353	3.9165
Adaman Irrigation and Water Delivery District #36	NA	11.9600 per acre
McMicken Irrigation District	NA	1.1366 per acre
Roosevelt Irrigation District	NA	29.8100 per acre
Goodyear Community Facilities General District #1	150,706,149	0.7568
Goodyear Community Utilities General District #1	496,435,574	0.8428
Palm Valley Community Facilities District #3	163,005,225	0.4149
Verrado Community Facilities District #1	176,126,526	3.4894
Village at Litchfield Park Community Facilities District	29,721,364	1.2264
Electrical District #7	1,947,452,959	0.0081
City of Avondale	544,220,341	1.5508
City of Buckeye	718,798,778	1.7048
City of Goodyear	1,293,848,816	1.7350
City of Litchfield Park	103,670,434	0.0000
Western Maricopa Education Center (West-MEC) (c)	19,350,942,145	0.1538
Agua Fria Union High School District No. 216	1,825,895,664	3.1223
Litchfield Elementary School District No. 79	1,226,791,462	3.3035

⁽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, 2023

	General Obligation		cion Applicable e District <i>(a)</i>	
	Bonded	Approximate	Net Debt	
Overlapping Jurisdiction	Debt	Percent	Amount	
State of Arizona	None	1.49%	None	
Maricopa County	None	2.26%	None	
Maricopa County Community College District	\$135,585,000	2.26%	\$3,064,221	
Maricopa County Special Health Care District	600,335,000	2.26%	13,567,571	
Buckeye Valley Volunteer Fire District	9,630,000	38.95%	3,750,885	
Goodyear Community Facilities General District #1	4,360,000	69.22%	3,017,992	
Goodyear Community Facilities Utilities General District #1	23,690,000	93.71%	22,199,899	
Palm Valley Community Facilities District	3,725,000	100.00%	3,725,000	
Verrado Community Facilities District #1	43,465,000	85.06%	36,971,329	
Village at Litchfield Park Community Facilities District	None	100.00%	None	
City of Avondale	42,220,000	19.35%	8,169,570	
City of Buckeye	None	37.29%	None	
City of Goodyear	141,340,000	43.31%	61,214,354	
City of Litchfield Park	None	100.00%	None	
Agua Fria Union High School District No. 216	115,060,000	67.45%	77,607,970	
Western Maricopa Education Center (West-MEC)	130,195,000	6.09%	7,928,876	
Litchfield Elementary School District No. 79	37,130,000	100.000%	37,130,000	
Net Direct and Overlapping General Obligation Bonded Debt			\$ 278,347,667	

⁽a) Utilizes the estimated percent of net limited assessed value of the indicated overlapping entity that lies within the district to the combined secondary assessed value of the overlapping municipal entity. Such FY23 data provided by the County Assessor's office property value abstract. Bonded debt figures provided by official statements of the overlapping entities.

Litchfield Elementary School District No. 79 Direct and Overlapping General Obligation Bonded Debt Ratios June 30, 2023

	Per Capita		
	Bonded debt		As Percent of
	Population	As Percent of District's	District's 2022-23
	Estimated at	2022-23 Secondary	Estimated Net Full
	122,541	Assessed Valuation	Cash Value
Net Direct General Obligation Bonded Debt	303	2.25%	0.30%
Net Direct and Overlapping General Obligation Debt	2,271	16.87%	2.25%

Source: U.S. Census Bureau, American Community Survey Demographic and Housing Estimates: 2022.

Litchfield Elementary School District No. 79 Computation of Legal Debt Limits June 30, 2023

Net Secondary Assessed Value		\$ 1,649,604,176
Total District General Obligation and Refunding Bonds		
Debt Limitation - 15% of Net Secondary Assessed Value		\$ 247,440,626
Amount of Debt Applicable to Debt Limit: Class A Bonds Outstanding Class B Bonds Outstanding	\$ - 38,059,159	
Total Amount of Debt Applicable to Debt Margin		 38,059,159
Legal Debt Margin		\$ 209,381,467
Class B Bonds		
Debt Limit - 10% of Net Secondary Assessed Valuation Debt Limit - \$1,500 Per Student Count		\$ 164,960,418 15,033,000
Amount of Debt Applicable to Debt Limit: Class B General Obligation Bonds Outstanding	\$ 38,059,159	
Total Debt Applicable to Debt Margin		\$ 38,059,159
Legal Debt Margin		\$ 126,901,259

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, 2023

Outstanding General Obligation Bonded Debt Service Requirements

			Total Debt
			Service
Fiscal Year	Principal	Interest	Requirements
2023-24	6,880,000	1,079,797	7,959,797
2024-25	7,535,000	858,939	8,393,939
2025-26	7,780,000	671,470	8,451,470
2026-27	2,785,000	529,164	3,314,164
2027-28	2,875,000	412,589	3,287,589
2028-29	3,005,000	281,001	3,286,001
2029-30	3,115,000	163,313	3,278,313
2030-31	3,155,000	56,075	3,211,075
Totals	37,130,000	4,052,348	41,182,348

Source: Litchfield Elementary School District.

Note: The data in this table was obtained from the debt retirement schedules.

Litchfield Elementary School District No. 79 School Facilities June 30, 2023

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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Single Audit Section

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Governing Board Litchfield Elementary School District No. 79

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Litchfield Elementary School District No. 79, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Litchfield Elementary School District No. 79's basic financial statements, and have issued our report thereon dated March 28, 2024. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Litchfield Elementary School District No. 79's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Litchfield Elementary School District No. 79's internal control. Accordingly, we do not express an opinion on the effectiveness of Litchfield Elementary School District No. 79's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Litchfield Elementary School District No. 79's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meeth & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona March 28, 2024



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Governing Board Litchfield Elementary School District No. 79

Report on Compliance for Each Major Federal Program Opinion on Each Major Federal Program

We have audited Litchfield Elementary School District No. 79's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Litchfield Elementary School District No. 79's major federal programs for the year ended June 30, 2023. Litchfield Elementary School District No. 79's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Litchfield Elementary School District No. 79 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Litchfield Elementary School District No. 79 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Litchfield Elementary School District No. 79's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Litchfield Elementary School District No. 79's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Litchfield Elementary School District No. 79's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Litchfield Elementary School District No. 79's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and
 design and perform audit procedures responsive to those risks. Such procedures include
 examining, on a test basis, evidence regarding Litchfield Elementary School District No. 79's
 compliance with the compliance requirements referred to above and performing such other
 procedures as we considered necessary in the circumstances.
- Obtain an understanding of Litchfield Elementary School District No. 79's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Litchfield Elementary School District No. 79's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Litchfield Elementary School District No. 79 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Litchfield Elementary School District No. 79's basic financial statements. We issued our report thereon dated March 28, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meeth & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona March 28, 2024

Litchfield Elementary School District No. 79 Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

	AL	Federal Award	Expenditures	Total Expenditures
Federal/Pass-Through/Agency	<u>Number</u>	<u>Number</u>	and Transfers	and Transfers
U.S. Department of Agriculture				
Passed through Arizona Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	7AZ300AZ3	\$ 394,836 \$	
National School Lunch Program	10.555	7AZ300AZ3	2,801,453	
National School Lunch Program	10.555	6AZ300400	402,528	
COVID-19 National School Lunch Program	10.555	7AZ300AZ3	19,765	
Summer Food Service Program for Children	10.559	7AZ300AZ3	2,137,095	
Total Child Nutrition Cluster				5,755,677
Child and Adult Care Food Program	10.558	7AZ300AZ3		95,677
Total U.S. Department of Agriculture				5,851,354
U.S. Department of Treasury				
Passed through Arizona Governor's Office:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	GFRT-21-1059	479,079	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	052022-107	2,292	
		GR-ARPA-ASL-		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	LITCHFIELD-72	426,084	
Total ALN 21.027				907,455
U.S. Department of Education				
Direct Program:				
Impact Aid	84.041	N/A		32,919
Passed through Arizona Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220003		1,082,401
Special Education Cluster:				
Special Education Grants to States	84.027	H027A220007	1,843,223	
COVID-19 Special Education Grants to States	84.027X	H027X210007	404,935	
Special Education Preschool Grants	84.173	H173A220003	52,077	
COVID-19 Special Education Preschool Grants	84.173X	H173X210003	24,722	
Total Special Education Cluster				2,324,957
English Language Acquisition State Grants	84.365A	S365A220003		67,961
Supporting Effective Instruction State Grants	84.367	S367A220049		241,105
Student Support and Academic Enrichment Program	84.424	S424A210003		112,514
COVID-19 Education Stabilization Fund	84.425D	S425D210038	470,946	
COVID-19 Education Stabilization Fund	84.425U	S425U210038	2,607,949	
Passed through Arizona Governor's Office:				
		GR-GEER-SEP-		
COVID-19 Education Stabilization Fund	84.425C	LITCHFIELD-55	347,174	
Total ALN 84.425				3,426,069
Total U.S. Department of Education				7,287,926
U.S. Department of Health and Human Services				
Passed through Public Consulting Group, Inc.:				
Medicaid Cluster:				
Medical Assistance Program	93.778	N/A		10,353
Total Expenditures of Federal Awards			\$	14,057,088

Litchfield Elementary School District No. 79 Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Litchfield Elementary School District No. 79 under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Indirect Cost Rate

The auditee did not use the de minimis indirect cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

Litchfield Elementary School District No. 79 Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Significant deficiency(ies) identified: No

• Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

• Significant deficiency(ies) identified: No

• Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Programs or Clusters
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with Government Auditing

Standards: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No