# Litchfield Elementary School District No. 79 Single Audit Reporting Package

Year Ended June 30, 2022

### Litchfield Elementary School District No. 79

Single Audit Reporting Package Year Ended June 30, 2022

### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79

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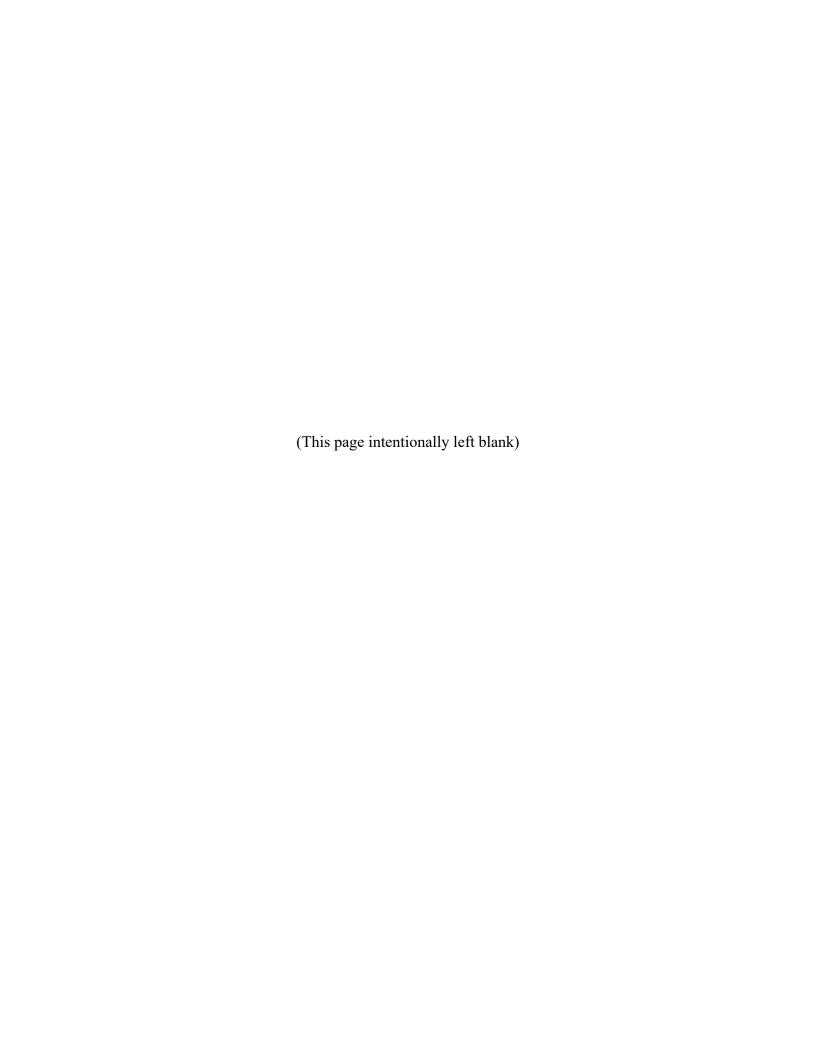
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### **Independent Auditor's Report**

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, 2022, 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, 2022, 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 the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, 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 January 30, 2023, 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 Meach & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona January 30, 2023 (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, 2022. 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 \$7.4 million which represents an eight percent increase from the prior fiscal year primarily as a result of an increase in unrestricted state aid due to an increase in the base level support amount.
- General revenues accounted for \$94.1 million in revenue, or 82 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$20.8 million or 18 percent of total current fiscal year revenues.
- The District had approximately \$107.4 million in expenses related to governmental activities, an increase of two percent from the prior fiscal year.
- Among major funds, the General Fund had \$80.0 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$76.2 million in expenditures. The General Fund's fund balance increase from \$43.0 million at the prior fiscal year end to \$47.4 million at the end of the current fiscal year was primarily due to an increase in property tax revenue as a result of an increase in assessed valuations, as well as an increase in state aid as a result of an increase in the base level support amount.

### **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, Other Federal Projects, 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 Other Federal Projects 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 \$98.2 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, 2022 and June 30, 2021.

	As of	As of
	June 30, 2022	June 30, 2021
Current and other assets	\$ 84,421,238	\$ 72,144,721
Capital assets, net	142,492,022	145,998,926
Total assets	226,913,260	218,143,647
Deferred outflows	18,753,846	21,569,798
Current liabilities	11,918,641	13,618,138
Long-term liabilities	110,270,778	134,554,126
Total liabilities	122,189,419	148,172,264
Deferred inflows	25,271,215	774,722
Net position:		
Net investment in capital assets	103,427,305	108,394,472
Restricted	16,579,987	13,339,095
Unrestricted	(21,800,820)	(30,967,108)
Total net position	\$ 98,206,472	\$ 90,766,459

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.

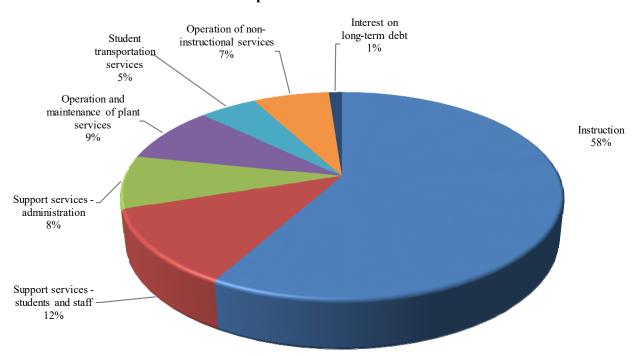
- The principal retirement of \$4.8 million of bonds.
- The addition of \$3.0 million in capital assets through the construction of a new school, and school renovations and purchases of vehicles, furniture and equipment.
- The decrease of \$24.5 million in pension and OPEB liabilities.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Changes in net position. The District's total revenues for the current fiscal year were \$114.8 million. The total cost of all programs and services was \$107.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

Revenues:         Ended June 30, 2022         Ended June 30, 2021           Revenues:           Program revenues:           Charges for services         \$ 3,209,451         \$ 1,159,597           Operating grants and contributions         17,303,163         20,196,872           Capital grants and contributions         241,007         373,615           General revenues:         31,180,868         29,910,828           Investment income         476,807         572,872           Unrestricted county aid         4,403,629         4,445,138
Revenues:         Program revenues:       \$ 3,209,451       \$ 1,159,597         Operating grants and contributions       17,303,163       20,196,872         Capital grants and contributions       241,007       373,615         General revenues:       31,180,868       29,910,828         Investment income       476,807       572,872         Unrestricted county aid       4,403,629       4,445,138
Program revenues:       \$ 3,209,451       \$ 1,159,597         Operating grants and contributions       17,303,163       20,196,872         Capital grants and contributions       241,007       373,615         General revenues:       31,180,868       29,910,828         Investment income       476,807       572,872         Unrestricted county aid       4,403,629       4,445,138
Charges for services       \$ 3,209,451       \$ 1,159,597         Operating grants and contributions       17,303,163       20,196,872         Capital grants and contributions       241,007       373,615         General revenues:       31,180,868       29,910,828         Investment income       476,807       572,872         Unrestricted county aid       4,403,629       4,445,138
Operating grants and contributions       17,303,163       20,196,872         Capital grants and contributions       241,007       373,615         General revenues:       31,180,868       29,910,828         Investment income       476,807       572,872         Unrestricted county aid       4,403,629       4,445,138
Capital grants and contributions       241,007       373,615         General revenues:       31,180,868       29,910,828         Investment income       476,807       572,872         Unrestricted county aid       4,403,629       4,445,138
General revenues:       31,180,868       29,910,828         Property taxes       31,180,868       29,910,828         Investment income       476,807       572,872         Unrestricted county aid       4,403,629       4,445,138
Property taxes       31,180,868       29,910,828         Investment income       476,807       572,872         Unrestricted county aid       4,403,629       4,445,138
Investment income         476,807         572,872           Unrestricted county aid         4,403,629         4,445,138
Unrestricted county aid 4,403,629 4,445,138
Unrestricted state aid 57,418,746 45,351,569
Unrestricted federal aid 592,619 81,469
<b>Total revenues</b> 114,826,290102,091,960
Expenses:
Instruction 62,437,067 62,385,780
Support services - students and staff 12,782,628 12,244,427
Support services - administration 8,850,864 8,864,822
Operation and maintenance of plant services 9,502,347 9,980,656
Student transportation services 5,441,219 4,161,288
Operation of non-instructional services 7,151,163 6,406,723
Interest on long-term debt 1,220,989 1,421,130
<b>Total expenses</b> 107,386,277105,464,826
<b>Changes in net position</b> 7,440,013 (3,372,866)
<b>Net position, beginning</b> 90,766,459 94,139,325
<b>Net position, ending</b> \$ 98,206,472 \$ 90,766,459

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**



### **Expenses - Fiscal Year 2022**

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

- An increase of \$1.3 million in property taxes due to an increase in assessed valuations.
- An increase of \$12.1 million in unrestricted state aid due to an increase in the base level support amount.
- An increase in student transportation expenses of \$1.3 million due to the District returning to in-person instruction during the fiscal year.

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 J	Tune 30, 2022	Year Ended	d June 30, 2021		
	Total	Net (Expense)/	Total	Net (Expense)/		
	Expenses	Revenue	Expenses	Revenue		
Instruction	\$ 62,437,067	\$ (48,808,719)	\$ 62,385,780	\$ (52,976,077)		
Support services - students and staff	12,782,628	(10,787,337)	12,244,427	(9,886,550)		
Support services - administration	8,850,864	(8,565,822)	8,864,822	(6,407,797)		
Operation and maintenance of						
plant services	9,502,347	(8,961,242)	9,980,656	(7,642,559)		
Student transportation services	5,441,219	(5,346,205)	4,161,288	(3,663,818)		
Operation of non-instructional						
services	7,151,163	(2,942,342)	6,406,723	(1,736,811)		
Interest on long-term debt	1,220,989	(1,220,989)	1,421,130	(1,421,130)		
Total	\$ 107,386,277	\$ (86,632,656)	\$ 105,464,826	\$ (83,734,742)		

- The cost of all governmental activities this year was \$107.4 million.
- Federal and State governments and charges for services supported certain programs with grants and contributions and other local revenues of \$20.8 million.
- Net cost of governmental activities of \$86.6 million was financed by general revenues, which are made up of primarily property taxes of \$31.2 million and state and county aid of \$61.8 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 \$69.6 million, an increase of \$6.2 million due primarily to an increase in property taxes due to an increase in assessed valuations, and an increase in state aid due to an increase in the base level support amount.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 68 percent of the total fund balance. Approximately \$47.3 million, or nearly 100 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 \$4.3 million to \$47.4 million as of fiscal year end was a result of an increase of property tax revenues and state aid. General Fund revenues increased \$4.7 million as a result of an increase in assessed valuations and increase in state aid due to an increase in the base level support amount. General Fund expenditures increased \$3.2 million. This was a result of purchasing new textbooks for the District.

The fund balance decreased in the Other Federal Projects fund by \$325,939 due to the timing of grant reimbursements.

The fund balance of the Debt Service Fund decreased \$45,891.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget due to an increase in student count. The difference between the original budget and the final amended budget was a \$7.4 million increase, or ten 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 variance of \$7.2 million in instruction was a result of utilizing federal funding and savings from unfilled instructional positions.
- The favorable variance of \$1.5 million in operation and maintenance of plant was a result of lower than expected building repair costs, utility costs and supply costs. Also, savings from unfilled operation and maintenance positions.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$229.3 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 \$3.0 million from the prior fiscal year, primarily due to the construction of a new school. 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, 2022 and June 30, 2021.

		As of		As of			
	June 30, 2022 June 30, 2			une 30, 2021			
Capital assets - non-depreciable	\$	24,523,412	\$	22,616,308			
Capital assets - depreciable, net		117,968,610		123,382,618			
Total	\$	142,492,022	\$	145,998,926			

The estimated cost to complete current construction projects is \$3.6 million.

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

**Debt Administration.** At year end, the District had \$45.6 million in long-term debt outstanding, \$6.4 million due within one year. Long-term debt decreased by \$5.2 million due primarily to the principal retirement of bonds.

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 \$219.9 million and the Class B debt limit is \$146.6 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 2022-23 budget. Among them:

- Fiscal year 2021-22 budget balance carry forward (estimated \$10.0 million).
- District student population (estimated 10,372).
- 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 five percent to \$85.3 million in fiscal year 2022-23. 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 2022-23 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, 2022

	overnmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 64,714,471
Property taxes receivable	347,015
Accounts receivable	157,517
Deposits	90,562
Due from governmental entities	16,020,034
Inventory Total current assets	 511,092 81,840,691
Total current assets	 61,640,091
Noncurrent assets:	
Net other postemployment benefit assets	2,580,547
Capital assets not being depreciated	24,523,412
Capital assets, net of accumulated depreciation	 117,968,610
Total noncurrent assets	 145,072,569
Total assets	 226,913,260
DEFENDED OUTELOWS OF DESOUDOES	
DEFERRED OUTFLOWS OF RESOURCES Pension and other postemployment plan items	18,753,846
rension and other postemployment plan items	 16,/33,640
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	2,282,424
Construction contracts payable	152,099
Compensated absences payable	547,480
Accrued interest payable	716,812
Unearned revenues	1,853,617
Financed purchases payable	111,209
Bonds payable	 6,255,000
Total current liabilities	 11,918,641
Noncurrent liabilities:	
Non-current portion of long-term obligations	110,270,778
Total noncurrent liabilities	 110,270,778
Total liabilities	 122,189,419
DEFERRED INFLOWS OF RESOURCES	
Pension and other postemployment plan items	 25,271,215
NET POSITION	
Net investment in capital assets	103,427,305
Restricted for:	103,427,303
Instruction	6,434,747
Food service	4,110,063
Non-instructional purposes	5,207,085
Debt service	202,530
Capital outlay	625,562
Unrestricted	(21,800,820)
Total net position	\$ 98,206,472

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

### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

			]	Program Revenues	3	R	et (Expense) Revenue and nanges in Net Position
Functions/Programs		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	G	overnmental Activities
Governmental activities:							
Instruction	\$	62,437,067	\$ 2,902,421	\$ 10,711,281	\$ 14,646	\$	(48,808,719)
Support services - students and staff		12,782,628		1,995,291			(10,787,337)
Support services - administration		8,850,864		285,042			(8,565,822)
Operation and maintenance of plant services		9,502,347	184,911	129,833	226,361		(8,961,242)
Student transportation services		5,441,219		95,014			(5,346,205)
Operation of non-instructional services		7,151,163	122,119	4,086,702			(2,942,342)
Interest and fiscal charges		1,220,989					(1,220,989)
Total governmental activities	\$	107,386,277	\$ 3,209,451	\$ 17,303,163	\$ 241,007		(86,632,656)
		General ro	evenues:				
Property taxes, levied for general purposes							22,688,783
			ty taxes, levied for				7,551,351
		-	ty taxes, levied for				940,734
			Investment income				
		Unrestric	cted county aid				4,403,629
		Unrestric	cted state aid				57,418,746
		Unrestric	cted federal aid				592,619
		Tota	l general revenu	es			94,072,669
		Changes in	n net position				7,440,013
		Net position	on, beginning of	year			90,766,459
		Net position	on, end of year			\$	98,206,472

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### FUND FINANCIAL STATEMENTS

### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS				ner Federal Projects	De	Debt Service	
Cash and investments	\$	34,220,779	\$	519,259	\$	7,096,279	
Property taxes receivable	Ψ	268,952	Ψ	015,205	Ψ	78,063	
Accounts receivable		147,517				,	
Deposits							
Due from governmental entities		12,507,654		1,745,359			
Due from other funds		1,425,368					
Inventory		103,314					
Total assets	\$	48,673,584	\$	2,264,618	\$	7,174,342	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES  AND FUND BALANCES  Liabilities:  Accounts payable  Construction contracts payable  Due to other funds  Unearned revenues  Bonds payable  Bond interest payable  Total liabilities	\$	1,153,895 1,153,895	\$	490,998 1,773,620 2,264,618	\$	6,255,000 716,812 6,971,812	
Deferred inflows of resources:							
Unavailable revenues - property taxes		97,914				23,034	
Unavailable revenues - intergovernmental		34,819		521,136		22.02.1	
Total deferred inflows of resources		132,733		521,136		23,034	
Fund balances (deficits): Nonspendable		103,314					
Restricted		,				179,496	
Unassigned		47,283,642		(521,136)			
Total fund balances		47,386,956		(521,136)		179,496	
Total liabilities, deferred inflows of resources and fund balances	\$	48,673,584	\$	2,264,618	\$	7,174,342	

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

N	Non-Major	Total			
Go	vernmental	Governmental			
	Funds	Funds			
\$	22,878,154	\$	64,714,471		
	10000		347,015		
	10,000		157,517		
	90,562		90,562		
	1,767,021		16,020,034		
	407.770		1,425,368		
ф.	407,778	Φ	511,092		
\$	25,153,515	\$	83,266,059		
\$	637,531	\$	2,282,424		
	152,099		152,099		
	1,425,368		1,425,368		
	79,997		1,853,617		
			6,255,000		
			716,812		
	2,294,995		12,685,320		
			120,948		
	320,730		876,685		
	320,730		997,633		
	407,778		511,092		
	22,479,552		22,659,048		
	(349,540)		46,412,966		
	22,537,790		69,583,106		
\$	25,153,515	\$	83,266,059		

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# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Total governmental fund balances		\$ 69,583,106
Amounts reported for <i>governmental activities</i> 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	\$ 229,300,953	
Less accumulated depreciation	 (86,808,931)	142,492,022
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Property taxes	120,948	
Intergovernmental	 876,685	997,633
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	18,753,846	
Deferred inflows of resources related to pensions/OPEB	 (25,271,215)	(6,517,369)
The Net OPEB asset is not a current financial resource and,		
therefore, is not reported in the funds.		2,580,547
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(3,082,487)	
Financed purchases payable	(716,195)	
Net OPEB liability	(108,408)	
Net pension liability	(68,418,982)	
Bonds payable	 (38,603,395)	 (110,929,467)
Net position of governmental activities		\$ 98,206,472

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

				Other Federal		
	General		Projects		Debt Service	
Revenues:						
Other local	\$	5,435,227	\$		\$	38,710
Property taxes		25,294,048				7,564,489
State aid and grants		48,408,362				
Federal aid, grants and reimbursements	-	855,030		4,080,923		
Total revenues		79,992,667		4,080,923		7,603,199
Expenditures:						
Current -						
Instruction		40,792,659		3,108,347		
Support services - students and staff		10,441,422		873,150		
Support services - administration		7,193,844		152,928		
Operation and maintenance of plant services		8,724,792		65,811		
Student transportation services		3,559,811		53,791		
Operation of non-instructional services		32,939		100,331		
Capital outlay		5,483,224		12,266		
Debt service -		, ,		,		
Principal retirement						6,255,000
Interest and fiscal charges						1,438,974
Total expenditures		76,228,691		4,366,624		7,693,974
Excess (deficiency) of revenues over expenditures		3,763,976		(285,701)		(90,775)
Other financing sources (uses):						
Transfers in		677,819				44,884
Transfers out		(140,000)		(40,238)		
Insurance recoveries		31,756				
Total other financing sources (uses)		569,575		(40,238)		44,884
Changes in fund balances		4,333,551		(325,939)		(45,891)
Fund balances (deficits), beginning of year, as restated		43,038,073		(195,197)		225,387
Increase (decrease) in reserve for inventory		15,332				
Fund balances (deficits), end of year	\$	47,386,956	\$	(521,136)	\$	179,496

Non	-Major	Total		
Gove	rnmental	Governmental		
F	unds	Funds		
			_	
\$	3,416,724	\$	8,890,661	
			32,858,537	
1	0,555,776		58,964,138	
	9,946,229		14,882,182	
2	23,918,729		115,595,518	
1	10,552,856		54,453,862	
	1,070,537		12,385,109	
	276,259		7,623,031	
	250,676		9,041,279	
	530		3,614,132	
	6,841,410		6,974,680	
	2,291,945		7,787,435	
	108,154		6,363,154	
	22,373		1,461,347	
2	21,414,740		109,704,029	
	2,503,989		5,891,489	
	140,000		862,703	
	(682,465)		(862,703)	
	(002,403)		31,756	
-	(542,465)		31,756	
	(342,403)		31,730	
	1,961,524		5,923,245	
2	20,276,401		63,344,664	
	299,865		315,197	
\$ 2	22,537,790	\$	69,583,106	

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

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 expense.  Expenditures for capitalized assets  Expenditures for capitalized assets  Less current year depreciation (6.497,577) (3,506,904)  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 (1,677,669)  Intergovernmental expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.  Financed purchase principal retirement  Bond principal retirement  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 contributions  reported as pension expense in the Statement of Activities.  Current year pension/OPEB contributions  Pension/OPEB expense  Current year pension/OPEB contributions  Pension/OPEB expense  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.  Inventory  Amortization of deferred bond items  Compensated absences  Attachage  Att	Changes in fund balances - total governmental funds		\$	5,923,245
However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.  Expenditures for capitalized assets Less current year depreciation (6,497,577) (3,506,904)  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 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.  Financed purchase principal retirement Bond principal retirement Bond principal retirement 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 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.  Inventory Amortization of deferred bond items Compensated absences Reported absences Reported as expenditures in 240,358 Compensated absences Reported as expenditures in 240,358 Compensated absences				
Less current year depreciation (6,497,577) (3,506,904)  Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.  Property taxes (1,677,669) 876,685 (800,984)  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.  Financed purchase principal retirement 108,154 800 principal retirement 6,255,000 6,363,154  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 7,449,909 (8,076,339) (626,430)  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.  Inventory 315,197 Amortization of deferred bond items 240,358 Compensated absences (467,623) 87,932	However, in the Statement of Activities, the costs of those assets are allocated over their			
resources are not reported as revenues in the funds.  Property taxes		\$ , ,		(3,506,904)
Intergovernmental 876,685 (800,984)  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.  Financed purchase principal retirement 108,154 6,255,000 6,363,154  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 7,449,909 Pension/OPEB expense (8,076,339) (626,430)  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.  Inventory 315,197 Amortization of deferred bond items 240,358 Compensated absences (467,623) 87,932				
but the repayment reduces long-term liabilities in the Statement of Net Position.  Financed purchase principal retirement  Bond principal retirement  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  Current financial resources and, therefore, are not reported as expenditures in governmental funds.  Inventory  Amortization of deferred bond items  Compensated absences  108,154  6,255,000  6,363,154  7,449,909  7,449,909  8,076,339)  (626,430)				(800,984)
Bond principal retirement 6,255,000 6,363,154  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 7,449,909 Pension/OPEB expense (8,076,339) (626,430)  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.  Inventory 315,197 Amortization of deferred bond items 240,358 Compensated absences (467,623) 87,932				
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  Current year pension/OPEB contributions Pension/OPEB expense  (626,430)  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.  Inventory Amortization of deferred bond items Compensated absences  (467,623)  87,932				6,363,154
Pension/OPEB expense (8,076,339) (626,430)  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.  Inventory 315,197 Amortization of deferred bond items 240,358 Compensated absences (467,623) 87,932	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			
current financial resources and, therefore, are not reported as expenditures in governmental funds.  Inventory Amortization of deferred bond items Compensated absences  315,197 240,358 (467,623) 87,932		 , ,		(626,430)
Amortization of deferred bond items  Compensated absences  240,358 (467,623) 87,932	current financial resources and, therefore, are not reported as expenditures in			
· · · · · · · · · · · · · · · · · · ·	Amortization of deferred bond items	240,358		97.022
Changes in net position in governmental activities 5 /.440.013	Changes in net position in governmental activities	(+07,023)	<u> </u>	7,440,013

# 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, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District's analysis of contracts and agreements 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.

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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal, state, and county aid, and other items not included among program revenues are reported instead as general revenues.

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

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

<u>Fund Financial Statements</u> – 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.

Property taxes, federal, state, and county 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:

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

Other Federal Projects Fund – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal 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. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

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. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

#### 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 following estimated useful lives:

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.

	_	eneral Fund	 Other Federal Projects Fund	Debt Service Fund	on-Major vernmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$	103,314	\$	\$	\$ 407,778
Restricted:					
Debt service				179,496	
Capital projects					625,562
Bond building projects					6,509,873
Voter approved initiatives					5,427,418
Federal and state projects					393,026
Extracurricular activities					550,541
Food service					3,702,285
Civic center					3,512,573
Community school					1,388,610
Insurance refund					305,902
Student activities					49,790
Other purposes					13,972
Unassigned	47	,283,642	(521,136)		(349,540)
Total fund balances	\$ 47	,386,956	\$ (521,136)	\$ 179,496	\$ 22,537,790

# 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:	
Other Federal Projects	\$ 521,136
Non-Major Governmental Funds:	
Title I Grants	53,207
Professional Development and Technology Grants	32,890
Title IV Grants	50,310
Limited English & Immigrant Students	6,785
Special Education Grants	194,698
Building Renewal Grant	11,650

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2022-23 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 \$2,434,500 and the bank balance was \$3,867,227. At year end, \$3,117,227 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	623 days	\$ 62,279,971

*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:

			Other		
			Federal	N	Ion-Major
	General Projects Gov		vernmental		
	Fund		Fund	nd Funds	
Due from other governmental entities:					_
Due from federal government	\$	55,504	\$1,745,359	\$	1,515,316
Due from state government	1.	2,452,150			251,705
Net due from governmental entities	\$ 1	2,507,654	\$1,745,359	\$	1,767,021

# **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	55,271	2,229,866	322,762	1,962,375
Total capital assets, not being depreciated	22,616,308	2,229,866	322,762	24,523,412
Capital assets, being depreciated:				
Land improvements	6,685,192	34,098		6,719,290
Buildings and improvements	182,741,928	771,320		183,513,248
Vehicles, furniture and equipment	14,266,852	278,151		14,545,003
Total capital assets being depreciated	203,693,972	1,083,569		204,777,541
Less accumulated depreciation for:				
Land improvements	(3,855,763)	(259,475)		(4,115,238)
Buildings and improvements	(68, 269, 418)	(5,170,706)		(73,440,124)
Vehicles, furniture and equipment	(8,186,173)	(1,067,396)		(9,253,569)
Total accumulated depreciation	(80,311,354)	(6,497,577)		(86,808,931)
Total capital assets, being depreciated, net	123,382,618	(5,414,008)		117,968,610
Governmental activities capital assets, net	\$145,998,926	\$(3,184,142)	\$ 322,762	\$142,492,022

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 5,105,047
Support services – students and staff	24,352
Support services – administration	173,745
Operation and maintenance of plant services	80,215
Student transportation services	886,556
Operation of non-instructional services	227,662
Total depreciation expense – governmental activities	\$ 6,497,577

<u>Construction Commitments</u> – At year end, the District had contractual commitments related to various capital projects for the construction of a new school. At year end the District had spent \$2.0 million on the projects and had estimated remaining contractual commitments of \$3.6 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. In accordance with GASB Statement No. 87 *Leases*, contracts previously recorded as capital leases have been reclassified as financed purchases payable in the fiscal year. Revenues from the General Fund are transferred to the Energy and Water Savings 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:		P	rincipal		Interest
	2023	\$ 111,209		\$	19,318
	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		\$	716,195	\$	66,967

# 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 \$219.9 million and the available margin is \$175.6 million.

	Original			Outstanding	
	Amount	Interest	Remaining	Principal	Due Within
Purpose	Issued	Rates	Maturities	June 30, 2022	One Year
Governmental activities:					
General obligation bonds:					
School Improvement Bonds,					
Project 2006	\$ 10,500,000	5.00%	7/1/22	\$ 2,200,000	\$ 2,200,000
School Improvement Bonds,					
Project 2009	10,325,000	5.00%	7/1/22-23	5,180,000	1,400,000
School Improvement Bonds,					
Series 2015	15,675,000	2.00-4.00%	7/1/22-30	12,950,000	975,000
School Improvement Bonds,					
Series 2016	6,000,000	2.00-3.50%	7/1/22-30	3,620,000	125,000
School Improvement Bonds,					
Series 2018	14,760,000	3.00-5.00%	7/1/22-30	12,435,000	600,000
Private placement general obligation bonds:					
School Improvement Bonds,					
Series 2021	7,000,000	1.01%	7/1/22-25	7,000,000	955,000
Total				\$ 43,385,000	\$ 6,255,000

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

	Governmental Activities					
			Private Place	ment General		
	General Oblig	ation Bonds	Obligation	on Bonds		
Year ending June 30:	Principal	Interest	Principal	Interest		
2023	\$ 5,300,000	\$1,252,926	\$ 955,000	\$ 65,877		
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				
2028-31	12,150,000	912,978				
Total	\$ 36,385,000	\$5,201,471	\$ 7,000,000	\$ 169,680		

# **NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning			E 1'	D W.4:
	Balance (As			Ending	Due Within
	Restated)	Additions	Reductions	Balance	One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 41,220,000	\$	\$ 4,835,000	\$ 36,385,000	\$ 5,300,000
Private placement general obligation bonds	7,000,000			7,000,000	955,000
Premium	1,713,753		240,358	1,473,395	
Total bonds payable	49,933,753		5,075,358	44,858,395	6,255,000
Financed purchases payable	824,349		108,154	716,195	111,209
Net OPEB liability	409,187		300,779	108,408	
Net pension liability	92,608,517		24,189,535	68,418,982	
Compensated absences payable	2,614,864	1,318,003	850,380	3,082,487	547,480
Governmental activity long-term liabilities	\$ 146,390,670	\$1,318,003	\$30,524,206	\$ 117,184,467	\$ 6,913,689

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, several non-major governmental funds had negative cash balances of \$1,425,368 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						
		Debt	Non-Major				
	General	General Service Governmental					
Transfers out	Fund	Fund	Funds	Total			
General Fund	\$	\$	\$ 140,000	\$ 140,000			
Other Federal Projects Fund	40,238			40,238			
Non-Major Governmental Funds	637,581	44,884		682,465			
Total	\$ 677,819	\$ 44,884	\$ 140,000	\$ 862,703			

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 – PRIOR PERIOD ADJUSTMENT**

The July 1, 2021, the fund balance of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds based on the previous GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

	Governmental Funds			
			Non-Major	
	General Governme			overnmental
		Fund		Funds
Fund balance, June 30, 2021, as previously reported	\$	42,167,044	\$	21,147,430
Reclassification of funds		871,029		(871,029)
Fund balance, July 1, 2021, as restated	\$	43,038,073	\$	20,276,401

#### **NOTE 14 – 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.

# **NOTE 14 – RISK MANAGEMENT**

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 15 – 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 <a href="https://www.azasrs.gov">www.azasrs.gov</a>.

**Aggregate Amounts.** At June 30, 2022, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	 OPEB
Net assets	\$	\$ (2,580,547)
Net liability	68,418,982	108,408
Deferred outflows of resources	18,193,706	560,140
Deferred inflows of resources	23,082,681	2,188,534
Expense	8,288,649	(212,310)
Contributions	7,107,346	342,563

#### NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

**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	

	Membership Date.			
	Before July 1, 2011	On or After July 1, 2011		
Years of service and	Sum of years and age equals 80	30 years, age 55		
age required to	10 years, age 62	25 years, age 60		
receive 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%		
•				

<sup>\*</sup>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.

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.

#### NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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 12.41 percent (12.22 percent for retirement and 0.19 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 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to for the year ended June 30, 2022 were as follows:

	Co	Contributions			
Pension	\$	7,107,346			
Health Insurance Premium		234,385			
Long-Term Disability		108,178			

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 for retirement and 0.09 percent for long-term disability). ACR contributions are included in employer contributions presented above.

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, 2021. 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, 2020, to the measurement date of June 30, 2021. 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, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

# NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

At June 30, 2022, the District reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2021, the District's percentage proportion for each plan and the related change from its proportion measured as of June 30, 2020 was:

	Net Liability		District	Increase (Decrease)	
			% Proportion		
Pension	\$	68,418,982	0.521	(0.014)	
Health Insurance Premium		(2,580,547)	0.530	(0.013)	
Long-Term Disability		108,408	0.525	(0.014)	

**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, 2020, the District recognized pension and OPEB expense as follows:

	I	Expense
Pension	\$	8,288,649
Health Insurance Premium		(295,118)
Long-Term Disability		82,808

# NOTE 15 – 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					
			Iı	nsurance	Loi	ng-Term
		Pension	F	remium	Di	isability
Differences between expected and actual experience	\$	1,042,984	\$		\$	31,315
Changes of assumptions or other inputs		8,905,278		127,936		34,670
Changes in proportion and differences between						
contributions and proportionate share of contributions		1,138,098		4,649		19,007
Contributions subsequent to the measurement date		7,107,346		234,385		108,178
Total	\$	18,193,706	\$	366,970	\$	193,170
		Defe	erred In	flows of Resou	rces	
				Health		
			Iı	nsurance	Loi	ng-Term
		Pension	F	remium	Di	isability
Differences between expected and actual experience	\$		\$	894,938	\$	8,834
Changes of assumptions or other inputs				104,333		136,596
Net difference between projected and actual earnings						
on pension investments		21,677,540		957,252		75,080
Changes in proportion and differences between						
contributions and proportionate share of contributions		1,405,141		2,767		8,734
Total	\$	23,082,681	\$	1,959,290	\$	229,244

# NOTE 15 – 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, 2023. 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					
			Iı	nsurance	Lo	ong-Term
Year Ending June 30:	Pension		Premium			Disability
2023	\$	672,609	\$	(428,555)	\$	(18,831)
2024		(419,900)		(410,747)		(17,524)
2025		(4,778,787)		(450,303)		(20,236)
2026		(7,470,243)		(497,288)		(31,597)
2027				(39,812)		(10,325)
Thereafter						(45,739)

**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, 2020	June 30, 2020
Actuarial roll forward date	June 30, 2021	June 30, 2021
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, 2020 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 15 – 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%	4.90%
Credit	20	5.20
Interest rate sensitive bonds	10	0.70
Real estate	20	5.70
Total	100%	

**Discount Rate.** The discount rate used to measure the total pension and OPEB liability was 7.0 percent. The discount rate was lowered in the roll forward for the year June 30, 2021 from 7.5 percent, which was used for the actuarial assumptions at the valuation date. 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 15 – 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					
	19	1% Decrease Discount Rate 1% Increas					
Rate		6.0%		7.0%		8.0%	
Pension	\$	107,617,328	\$	68,418,982	\$	35,738,407	
Health Insurance Premium		(1,708,591)		(2,580,547)		(3,321,998)	
Long-Term Disability		141,162		108,408		76,717	

**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 <a href="www.azasrs.gov">www.azasrs.gov</a>.

REQUIRED SUPPLEMENTARY INFORMATION

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL

# YEAR ENDED JUNE 30, 2022

	Budgeted Original	Amounts Final	Non-GAAP Actual	Variance with Final Budget Positive (Negative)	
Revenues:					
Other local	\$	\$	\$ 4,214,001	\$ 4,214,001	
Property taxes			24,217,088	24,217,088	
State aid and grants			44,549,688	44,549,688	
Total revenues			72,980,777	72,980,777	
Expenditures:					
Current -					
Instruction	43,925,389	47,700,333	40,459,812	7,240,521	
Support services - students and staff	10,246,606	10,824,666	10,334,465	490,201	
Support services - administration	6,862,767	8,005,097	7,660,710	344,387	
Operation and maintenance of plant services	9,813,186	10,316,112	8,809,509	1,506,603	
Student transportation services	3,289,409	4,654,529	3,405,718	1,248,811	
Operation of non-instructional services	600	2,600	25	2,575	
Total expenditures	74,137,957	81,503,337	70,670,239	10,833,098	
Excess (deficiency) of revenues over expenditures	(74,137,957)	(81,503,337)	2,310,538	83,813,875	
Other financing sources (uses):					
Transfers out	(140,000)	(140,000)	(140,000)		
<b>Total other financing sources (uses)</b>	(140,000)	(140,000)	(140,000)		
Changes in fund balances	(74,277,957)	(81,643,337)	2,170,538	83,813,875	
Fund balances, beginning of year			9,923,389	9,923,389	
Increase (decrease) in reserve for prepaid items Increase (decrease) in reserve for inventory			6,169,709 15,332	6,169,709 15,332	
Fund balances (deficits), end of year	\$ (74,277,957)	\$ (81,643,337)	\$ 18,278,968	\$ 99,922,305	

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL OTHER FEDERAL PROJECTS YEAR ENDED JUNE 30, 2022

	Budgeted	Amounts		Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Revenues:					
Federal aid, grants and reimbursements	\$	\$	\$ 4,080,923	\$ 4,080,923	
Total revenues			4,080,923	4,080,923	
Expenditures:					
Current -					
Instruction	7,200,000	9,200,000	3,108,347	6,091,653	
Support services - students and staff			873,150	(873,150)	
Support services - administration			152,928	(152,928)	
Operation and maintenance of plant services			65,811	(65,811)	
Student transportation services			53,791	(53,791)	
Operation of non-instructional services			100,331	(100,331)	
Capital outlay  Total expenditures	7,200,000	9,200,000	12,266 4,366,624	(12,266) 4,833,376	
1 otai expenditures	7,200,000	9,200,000	4,300,024	4,033,370	
Excess (deficiency) of revenues over expenditures	(7,200,000)	(9,200,000)	(285,701)	8,914,299	
Other financing sources (uses):					
Transfers out			(40,238)	(40,238)	
<b>Total other financing sources (uses)</b>			(40,238)	(40,238)	
Changes in fund balances	(7,200,000)	(9,200,000)	(325,939)	8,874,061	
Fund balances (deficits), beginning of year			(195,197)	(195,197)	
Fund balances (deficits), end of year	\$ (7,200,000)	\$ (9,200,000)	\$ (521,136)	\$ 8,678,864	

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ARIZONA STATE RETIREMENT SYSTEM LAST EIGHT FISCAL YEARS

		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>
Measurement date	Jı	ne 30, 2021	Jı	ane 30, 2020	Jı	ane 30, 2019	Jı	ane 30, 2018
District's proportion of the net pension (assets) liability		0.52%		0.53%		0.51%		0.48%
District's proportionate share of the net pension (assets) liability	\$	68,418,982	\$	92,608,517	\$	74,232,761	\$	66,629,312
District's covered payroll	\$	58,538,996	\$	61,661,995	\$	52,227,848	\$	47,487,001
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll		116.88%		150.19%		142.13%		140.31%
Plan fiduciary net position as a percentage of the total pension liability		78.58%		69.33%		73.24%		73.40%

# SCHEDULE OF PENSION CONTRIBUTIONS ARIZONA STATE RETIREMENT SYSTEM LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 7,107,346	\$ 6,819,793	\$ 6,685,400	\$ 6,012,774
Contributions in relation to the actuarially determined contribution	 7,107,346	 6,819,793	 6,685,400	 6,012,774
Contribution deficiency (excess)	\$	\$	\$	\$ 
District's covered payroll	\$ 59,178,568	\$ 58,538,996	\$ 61,661,995	\$ 52,227,848
Contributions as a percentage of covered payroll	12.01%	11.65%	10.84%	11.51%

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>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Ju	ne 30, 2017	Jı	nne 30, 2016	Ju	ine 30, 2015	Jı	ane 30, 2014
	0.49%		0.47%		0.46%		0.44%
\$	75,657,919	\$	76,261,404	\$	71,431,624	\$	64,807,380
\$	47,830,468	\$	44,687,444	\$	42,321,907	\$	39,528,352
	158.18%		170.66%		168.78%		163.95%
	69.92%		67.06%		68.35%		69.49%

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

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM LAST FIVE FISCAL YEARS

		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>
Measurement date	Jı	ine 30, 2021	Ju	ine 30, 2020	Jı	ine 30, 2019	Jı	ine 30, 2018
District's proportion of the net OPEB (assets) liability		0.53%		54.30%		0.52%		0.48%
District's proportionate share of the net OPEB (assets) liability	\$	(2,580,547)	\$	(384,846)	\$	(143,306)	\$	(174,284)
District's covered payroll	\$	58,538,996	\$	61,661,995	\$	52,227,848	\$	47,487,001
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll		(4.41)%		(0.62)%		(0.27)%		(0.37)%
Plan fiduciary net position as a percentage of the total OPEB liability		130.24%		104.33%		101.62%		102.20%

# SCHEDULE OF OPEB CONTRIBUTIONS ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM LAST FIVE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 234,385	\$ 228,763	\$ 286,100	\$ 247,395
Contributions in relation to the actuarially determined contribution	 234,385	 228,763	 286,100	247,395
Contribution deficiency (excess)	\$ 	\$ 	\$ 	\$ 
District's covered payroll	\$ 59,178,568	\$ 58,538,996	\$ 61,661,995	\$ 52,227,848
Contributions as a percentage of covered payroll	0.40%	0.39%	0.46%	0.47%

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>

June 30, 2017

0.49%

\$ (266,718)

\$ 47,830,468

(0.56)%

103.57%

# <u>2018</u>

\$ 207,283

207,283

\$

\$ 47,487,001

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 FIVE FISCAL YEARS

		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>
Measurement date	Jı	ine 30, 2021	Jı	ane 30, 2020	Jı	ane 30, 2019	Jı	une 30, 2018
District's proportion of the net OPEB (assets) liability		0.53%		0.54%		0.52%		0.48%
District's proportionate share of the net OPEB (assets) liability	\$	108,408	\$	409,187	\$	335,598	\$	250,102
District's covered payroll	\$	58,538,996	\$	61,661,995	\$	52,227,848	\$	47,487,001
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll		0.19%		0.66%		0.64%		0.53%
Plan fiduciary net position as a percentage of the total OPEB liability		90.38%		68.01%		72.85%		77.83%

# SCHEDULE OF OPEB CONTRIBUTIONS ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY LAST FIVE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 108,178	\$ 104,909	\$ 99,259	\$ 86,050
Contributions in relation to the actuarially determined contribution	 108,178	 104,909	 99,259	 86,050
Contribution deficiency (excess)	\$ 	\$ 	\$ 	\$ 
District's covered payroll	\$ 59,178,568	\$ 58,538,996	\$ 61,661,995	\$ 52,227,848
Contributions as a percentage of covered payroll	0.18%	0.18%	0.16%	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>2018</u>

June 30, 2017

0.49%

\$ 176,327

\$ 47,830,468

0.37%

84.44%

# <u>2018</u>

\$ 75,375

75,375

\$

\$ 47,487,001

0.16%

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

#### 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:

		Total	Fund Balances		
	E	expenditures	End of Year		
Statement of Revenues, Expenditures and Changes in					
Fund Balances – Governmental Funds	\$	76,228,691	\$ 47,386,956		
Activity budgeted as special revenue funds		(688,265)	(15,937,549)		
Activity budgeted as capital projects funds		(5,339,283)	(12,558,149)		
Current-year prepaid items		6,169,709			
Prior-year prepaid items		(6,312,903)			
Employee insurance account		612,290	(612,290)		
Schedule of Revenues, Expenditures and Changes in Fund					
Balances – Budget and Actual – General Fund	\$	70,670,239	\$ 18,278,968		

#### 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, 2020, 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. In addition, the discount rate was lowered to 7.0 percent in the roll forward for the year June 30, 2021 from 7.5 percent, which was used for the actuarial assumptions at the valuation date.

# **SUPPLEMENTARY INFORMATION**

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**GOVERNMENTAL FUNDS** 

	Classroom Site					
	Budget	Actual	Variance - Positive (Negative)			
Revenues: Other local	\$	\$ 37,966	\$ 37,966			
State aid and grants Federal aid, grants and reimbursements		8,428,071	8,428,071			
Total revenues		8,466,037	8,466,037			
Expenditures: Current -						
Instruction Support services - students and staff Support services - administration	11,407,363	7,420,144	3,987,219			
Operation and maintenance of plant services Student transportation services Operation of non-instructional services						
Capital outlay  Total expenditures	11,407,363	7,420,144	3,987,219			
Excess (deficiency) of revenues over expenditures	(11,407,363)	1,045,893	12,453,256			
Other financing sources (uses): Transfers in Transfers out Insurance recoveries Total other financing sources (uses)						
Changes in fund balances	(11,407,363)	1,045,893	12,453,256			
Fund balances, beginning of year, as restated		2,979,291	2,979,291			
Increase (decrease) in reserve for inventory						
Fund balances (deficits), end of year	\$ (11,407,363)	\$ 4,025,184	\$ 15,432,547			

Ir	structional Improvem	ent	English Language Learner					
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)			
\$	\$ 9,517 582,313	\$ 9,517 582,313	\$	\$ 224,740	\$ 224,740			
	591,830	591,830		224,740	224,740			
1,639,866	212,875 199,301	1,426,991 (199,301)	389,035	224,740	164,295			
1,639,866	412,176	1,227,690	389,035	224,740	164,295			
(1,639,866)	179,654	1,819,520	(389,035)		389,035			
(1,639,866)	179,654 1,222,580	1,819,520 1,222,580	(389,035)		389,035			
\$ (1,639,866)	\$ 1,402,234	\$ 3,042,100	\$ (389,035)	\$	\$ 389,035			

	Student Success				
	Budget	Non-GAAP Actual	Variance - Positive (Negative)		
Revenues:	ф	Φ 1.101	Φ 1.101		
Other local	\$	\$ 1,101	\$ 1,101		
State aid and grants Federal aid, grants and reimbursements					
Total revenues		1,101	1,101		
Expenditures:					
Current -	•44.000		4 - 2 - 2 - 2		
Instruction	211,000	57,267	153,733		
Support services - students and staff					
Support services - administration Operation and maintenance of plant services					
Student transportation services					
Operation of non-instructional services					
Capital outlay					
Total expenditures	211,000	57,267	153,733		
Excess (deficiency) of revenues over expenditures	(211,000)	(56,166)	154,834		
Other financing sources (uses): Transfers in					
Transfers out					
Insurance recoveries			-		
Total other financing sources (uses)	·				
Changes in fund balances	(211,000)	(56,166)	154,834		
Fund balances, beginning of year, as restated		210,966	210,966		
Increase (decrease) in reserve for inventory					
Fund balances (deficits), end of year	\$ (211,000)	\$ 154,800	\$ 365,800		

Title I Grants			Professional Development and Technology Grants				
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)		
\$	\$	\$	\$	\$	\$		
	999,320 999,320	999,320 999,320		42,773 42,773	42,773 42,773		
1,300,000	463,542 444,718 109,216	836,458 (444,718) (109,216)	255,000	54,929 13,800	200,071 (13,800)		
1,300,000	1,017,476	282,524	255,000	2,380 71,109	(2,380) 183,891		
(1,300,000)	(18,156)	1,281,844	(255,000)	(28,336)	226,664		
	(35,051)	(35,051)		(4,554)	(4,554)		
	(35,051)	(35,051)		(4,554)	(4,554)		
(1,300,000)	(53,207)	1,246,793	(255,000)	(32,890)	222,110		
\$ (1,300,000)	\$ (53,207)	\$ 1,246,793	\$ (255,000)	\$ (32,890)	\$ 222,110		

	Title IV Grants				
	Budget	Actual	Variance - Positive (Negative)		
Revenues:	¢.	Ф	¢.		
Other local	\$	\$	\$		
State aid and grants Federal aid, grants and reimbursements		53,494	53,494		
Total revenues		53,494	53,494		
Total revenues		33,494	33,494		
Expenditures: Current - Instruction		2,239	(2,239)		
Support services - students and staff	125,000	97,717	27,283		
Support services - administration		1,204	(1,204)		
Operation and maintenance of plant services					
Student transportation services					
Operation of non-instructional services					
Capital outlay					
Total expenditures	125,000	101,160	23,840		
Excess (deficiency) of revenues over expenditures	(125,000)	(47,666)	77,334		
Other financing sources (uses):					
Transfers in		(2.644)	(2.644)		
Transfers out		(2,644)	(2,644)		
Insurance recoveries  Total other financing sources (uses)		(2,644)	(2,644)		
Total other imancing sources (uses)		(2,044)	(2,044)		
Changes in fund balances	(125,000)	(50,310)	74,690		
Fund balances, beginning of year, as restated					
Increase (decrease) in reserve for inventory					
Fund balances (deficits), end of year	\$ (125,000)	\$ (50,310)	\$ 74,690		

Limited English & Immigrant Students			Special Education Grants				
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)		
\$	\$	\$	\$	\$	\$		
	63,693 63,693	63,693 63,693		1,785,261 1,785,261	1,785,261 1,785,261		
115,000	56,052 12,669 259	58,948 (12,669) (259)	2,860,000	1,757,205 178,925 2,750	1,102,795 (178,925) (2,750)		
115,000	68,980	46,020	2,860,000	1,938,880	921,120		
(115,000)	(5,287)	109,713	(2,860,000)	(153,619)	2,706,381		
	(1,498)	(1,498)		(41,079)	(41,079)		
	(1,498)	(1,498)		(41,079)	(41,079)		
(115,000)	(6,785)	108,215	(2,860,000)	(194,698)	2,665,302		
\$ (115,000)	\$ (6,785)	\$ 108,215	\$ (2,860,000)	\$ (194,698)	\$ 2,665,302		

	Medicaid Reimbursement						
	Budget	Non-GAAP Actual	Variance - Positive (Negative)				
Revenues:							
Other local	\$	\$ 27,778	\$ 27,778				
State aid and grants		555 001	555 924				
Federal aid, grants and reimbursements  Total revenues		555,824 583,602	555,824 583,602				
Total Tevenues			363,002				
Expenditures: Current -							
Instruction		17,180	(17,180)				
Support services - students and staff	4,568,066	160,413	4,407,653				
Support services - administration		69,596	(69,596)				
Operation and maintenance of plant services							
Student transportation services		1 (20	(1 (20)				
Operation of non-instructional services Capital outlay		1,628	(1,628)				
Total expenditures	4,568,066	248,817	4,319,249				
1 otal expenditures	4,500,000	240,017	7,317,247				
Excess (deficiency) of revenues over expenditures	(4,568,066)	334,785	4,902,851				
Other financing sources (uses): Transfers in Transfers out							
Insurance recoveries							
Total other financing sources (uses)							
Changes in fund balances	(4,568,066)	334,785	4,902,851				
Fund balances, beginning of year, as restated		4,283,034	4,283,034				
Increase (decrease) in reserve for inventory							
Fund balances (deficits), end of year	\$ (4,568,066)	\$ 4,617,819	\$ 9,185,885				

	E-Rate		Impact Aid					
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)			
\$	\$ 1,623	\$ 1,623	\$	\$	\$			
	227,592 229,215	227,592 229,215		71,614 71,614	71,614 71,614			
355,946	23,970	331,976	936,167		936,167			
355,946 (355,946)	114,448 138,418 90,797	(114,448) 217,528 446,743	936,167 (936,167)	71,614	936,167 1,007,781			
(355,946)	90,797	446,743 218,904	(936,167)	71,614 871,029	1,007,781 871,029			
\$ (355,946)	\$ 309,701	\$ 665,647	\$ (936,167)	\$ 942,643	\$ 1,878,810			

	Result-based Funding					
	Budget	Actual	Variance - Positive (Negative)			
Revenues:						
Other local	\$	\$	\$			
State aid and grants		215,138	215,138			
Federal aid, grants and reimbursements						
Total revenues		215,138	215,138			
Expenditures:						
Current -						
Instruction	452,173	286,677	165,496			
Support services - students and staff		75,544	(75,544)			
Support services - administration						
Operation and maintenance of plant services						
Student transportation services						
Operation of non-instructional services						
Capital outlay						
Total expenditures	452,173	362,221	89,952			
		<del></del>				
Excess (deficiency) of revenues over expenditures	(452,173)	(147,083)	305,090			
Other financing sources (uses):						
Transfers in						
Transfers out						
Insurance recoveries						
Total other financing sources (uses)						
Changes in fund balances	(452,173)	(147,083)	305,090			
Fund balances, beginning of year, as restated		540,109	540,109			
Increase (decrease) in reserve for inventory						
Fund balances (deficits), end of year	\$ (452,173)	\$ 393,026	\$ 845,199			

Other State Projects			School Plant					
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)			
\$	<b>\$</b>	<b>\$</b>	\$	\$ 201	\$ 201			
	11	11		201	201			
2,000	1,843	157						
			25,225		25,225			
2,000	1,843	157	25,225		25,225			
(2,000)	(1,832)	168	(25,225)	201	25,426			
				507 507	507 507			
(2,000)	(1,832)	168	(25,225)	708	25,933			
	1,832	1,832		26,498	26,498			
\$ (2,000)	\$	\$ 2,000	\$ (25,225)	\$ 27,206	\$ 52,431			

	Food Service						
	Budget	Non-GAAP Actual		Variance - Positive (Negative)			
Revenues:	¢.	¢.	Φ 05.412		Φ 05.115		
Other local State aid and grants	\$	\$	95,412	\$	95,412		
Federal aid, grants and reimbursements			6,991,688		6,991,688		
Total revenues			7,087,100		7,087,100		
Expenditures: Current - Instruction Support services estudents and stoff							
Support services - students and staff Support services - administration			139,991		(139,991)		
Operation and maintenance of plant services			152,533		(152,533)		
Student transportation services			152,555		(132,333)		
Operation of non-instructional services	6,513,644		3,971,333		2,542,311		
Capital outlay	, ,						
<b>Total expenditures</b>	6,513,644		4,263,857		2,249,787		
Excess (deficiency) of revenues over expenditures	(6,513,644)		2,823,243		9,336,887		
Other financing sources (uses): Transfers in							
Transfers out Insurance recoveries			(552,755)		(552,755)		
Total other financing sources (uses)			(552,755)		(552,755)		
Changes in fund balances	(6,513,644)		2,270,488		8,784,132		
Fund balances, beginning of year, as restated			1,539,710		1,539,710		
Increase (decrease) in reserve for inventory			299,865		299,865		
Fund balances (deficits), end of year	\$ (6,513,644)	\$	4,110,063	\$	10,623,707		

Civic Center				Community School						
Budget	Actual		Variance - Positive (Negative)		Budget		Actual		Variance - Positive (Negative)	
\$	\$	212,199	\$	212,199	\$		\$	2,825,967 890,793 10,000	\$	2,825,967 890,793 10,000
		212,199		212,199				3,726,760		3,726,760
3,510,788		8,112 98,143		(8,112) 3,412,645				927		(927)
		7,920		(7,920)		3,348,966		2,859,657		489,309
3,510,788		1,501 115,676		(1,501) 3,395,112		3,348,966		3,906 2,864,490		(3,906) 484,476
(3,510,788)		96,523		3,607,311		(3,348,966)		862,270		4,211,236
(3,510,788)		96,523		3,607,311		(3,348,966)		862,270		4,211,236
		3,416,050		3,416,050				526,340		526,340
\$ (3,510,788)	\$	3,512,573	\$	7,023,361	\$	(3,348,966)	\$	1,388,610	\$	4,737,576

		Auxiliary	Operations		
	Budget		GAAP ctual	Variance - Positive (Negative)	
Revenues:	•		4		40.00-
Other local	\$	\$	42,997	\$	42,997
State aid and grants					
Federal aid, grants and reimbursements			12.007		42.007
Total revenues			42,997		42,997
Expenditures:					
Current -					
Instruction			2,808		(2,808)
Support services - students and staff			264		(264)
Support services - administration					
Operation and maintenance of plant services					
Student transportation services					
Operation of non-instructional services	123,795		30,543		93,252
Capital outlay					
Total expenditures	123,795		33,615		90,180
Excess (deficiency) of revenues over expenditures	(123,795)		9,382		133,177
Other financing sources (uses):					
Transfers in					
Transfers out					
Insurance recoveries					
Total other financing sources (uses)	<del></del>				
Changes in fund balances	(123,795)		9,382		133,177
Fund balances, beginning of year, as restated			119,685		119,685
Increase (decrease) in reserve for inventory					
Fund balances (deficits), end of year	\$ (123,795)	\$	129,067	\$	252,862

Extracur	ricular Ac	tivities Fees T	Credit Gifts and Donations				Gifts and Donations				
Budget	Actual		Variance - Positive (Negative)		Budget			n-GAAP Actual	]	Variance - Positive (Negative)	
\$	\$	133,408	\$	133,408	\$		\$	718,105	\$	718,105	
		133,408		133,408				718,105		718,105	
698,596		127,539		571,057		2,153,846		31,154 34,148 24,002 4,360		(31,154) 2,119,698 (24,002) (4,360)	
		530		(530)				743		(743)	
698,596		17,381 145,450		(17,381) 553,146		2,153,846		29,493 123,900		(29,493) 2,029,946	
(698,596)		(12,042)		686,554		(2,153,846)		594,205		2,748,051	
((09.50()		(12.042)		(0)( 551		(2.152.946)		504 205		2 749 051	
(698,596)		(12,042) 562,583		562,583		(2,153,846)		594,205 1,596,953		2,748,051 1,596,953	
\$ (698,596)	\$	550,541	\$	1,249,137	\$	(2,153,846)	\$	2,191,158	\$	4,345,004	

	Insurance Proceeds							
	Budget		GAAP etual	Variance - Positive (Negative)				
Revenues:	Ф	ф	7.47	Ф	747			
Other local State aid and grants	\$	\$	747	\$	747			
Federal aid, grants and reimbursements								
Total revenues			747		747			
Expenditures:								
Current -								
Instruction								
Support services - students and staff								
Support services - administration			2 471		(2.471)			
Operation and maintenance of plant services Student transportation services	94,277		2,471 14,988		(2,471) 79,289			
Operation of non-instructional services	77,211		17,700		19,209			
Capital outlay								
Total expenditures	94,277		17,459		76,818			
Excess (deficiency) of revenues over expenditures	(94,277)		(16,712)		77,565			
Other financing sources (uses): Transfers in								
Transfers out Insurance recoveries			31,249		31,249			
Total other financing sources (uses)			31,249		31,249			
Total other imaneing sources (uses)			31,217	-	31,217			
Changes in fund balances	(94,277)		14,537		108,814			
Fund balances, beginning of year, as restated			93,984		93,984			
Increase (decrease) in reserve for inventory								
Fund balances (deficits), end of year	\$ (94,277)	\$	108,521	\$	202,798			

	Textbooks					Textbooks Indirect Costs							Indirect Costs				
Budget	Actual		Po	Variance - Positive (Negative)		Non-GAAP Budget Actual				Variance - Positive Negative)							
\$	\$	1,193	\$	1,193	\$		\$	48,161	\$	48,161							
		1,193		1,193				48,161		48,161							
15,010				15,010													
						6,889,718		68,789		6,820,929							
15,010				15,010		6,889,718		68,789		6,820,929							
(15,010)		1,193		16,203		(6,889,718)		(20,628)		6,869,090							
								677,819		677,819							
								677,819		677,819							
(15,010)		1,193		16,203		(6,889,718)		657,191		7,546,909							
		12,779		12,779				6,799,443		6,799,443							
\$ (15,010)	\$	13,972	\$	28,982	\$	(6,889,718)	\$	7,456,634	\$	14,346,352							

	Insurance Refund								
	Budget		Actual	P	ositive egative)				
Revenues:	•	Φ.	20.610		• • • • • •				
Other local	\$	\$	39,618	\$	39,618				
State aid and grants									
Federal aid, grants and reimbursements			20.610	-	20.610				
Total revenues			39,618	-	39,618				
Expenditures:									
Current -									
Instruction	267,700				267,700				
Support services - students and staff									
Support services - administration									
Operation and maintenance of plant services									
Student transportation services									
Operation of non-instructional services									
Capital outlay									
Total expenditures	267,700				267,700				
Excess (deficiency) of revenues over expenditures	(267,700)		39,618		307,318				
Other financing sources (uses):									
Transfers in									
Transfers out									
Insurance recoveries									
<b>Total other financing sources (uses)</b>									
Changes in fund balances	(267,700)		39,618		307,318				
Fund balances, beginning of year, as restated			266,284		266,284				
Increase (decrease) in reserve for inventory									
Fund balances (deficits), end of year	\$ (267,700)	\$	305,902	\$	573,602				

	Studen	t Activities			Totals				
Budget	Actual		Variance - Positive (Negative)		Budget	Non-GAAF Budget Actual			Variance - Positive Negative)
\$	\$	12,147	\$	12,147	\$	\$	4,208,140 10,341,066	\$	4,208,140 10,341,066
		12,147		12,147			10,801,259 25,350,465		10,801,259 25,350,465
80,000		6,734		73,266	20,293,910 7,181,912 7,245,664 3,536,013 94,277 9,986,405		10,661,265 1,265,362 462,616 257,507 15,518 6,871,824		9,632,645 5,916,550 6,783,048 3,278,506 78,759 3,114,581
80,000		6,734		73,266	48,338,181		169,109 19,703,201		(169,109) 28,634,980
(80,000)		5,413		85,413	(48,338,181)		5,647,264		53,985,445
							677,819 (637,581) 31,756 71,994		677,819 (637,581) 31,756 71,994
(80,000)		5,413		85,413	(48,338,181)		5,719,258		54,057,439
		44,377		44,377			25,332,431		25,332,431
							299,865		299,865
\$ (80,000)	\$	49,790	\$	129,790	\$ (48,338,181)	\$	31,351,554	\$	79,689,735

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# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL DEBT SERVICE FUND YEAR ENDED JUNE 30, 2022

	Debt Service						
Revenues:	Budget	Actual	Variance - Positive (Negative)				
Other local Property taxes Total revenues	\$	\$ 38,710 7,564,489 7,603,199	\$ 38,710 7,564,489 7,603,199				
Expenditures: Debt service -							
Principal retirement Interest and fiscal charges Total expenditures	6,255,000 1,440,749 7,695,749	6,255,000 1,438,974 7,693,974	1,775 1,775				
Excess (deficiency) of revenues over expenditures	(7,695,749)	(90,775)	7,604,974				
Other financing sources (uses): Transfers in Total other financing sources (uses)		44,884 44,884	44,884 44,884				
Changes in fund balances	(7,695,749)	(45,891)	7,649,858				
Fund balances, beginning of year		225,387	225,387				
Fund balances (deficits), end of year	\$ (7,695,749)	\$ 179,496	\$ 7,875,245				

	Uı	nrestricted Capital Outla	у
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			4 400 710
Other local	\$	\$ 380,513	\$ 380,513
Property taxes		1,076,960	1,076,960
State aid and grants  Total revenues		3,858,674 5,316,147	3,858,674 5,316,147
Expenditures:			
Capital outlay	18,098,512	5,339,283	12,759,229
Debt service -			
Principal retirement Interest and fiscal charges			
Total expenditures	18,098,512	5,339,283	12,759,229
Total expenditures	10,070,312	3,337,263	12,737,227
Excess (deficiency) of revenues over expenditures	(18,098,512)	(23,136)	18,075,376
Other financing sources (uses): Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(18,098,512)	(23,136)	18,075,376
Fund balances, beginning of year		12,581,285	12,581,285
Fund balances (deficits), end of year	\$ (18,098,512)	\$ 12,558,149	\$ 30,656,661

	Adjacent Ways		Bond Building				
Budget	Actual	Variance - Positive Actual (Negative)		Actual	Variance - Positive (Negative)		
\$	\$ 2,895	\$ 2,895	\$	\$ 44,885	\$ 44,885		
	2,895	2,895		44,885	44,885		
625,000	231,640	393,360	8,318,648	1,808,776	6,509,872		
625,000	231,640	393,360	8,318,648	1,808,776	6,509,872		
(625,000)	(228,745)	396,255	(8,318,648)	(1,763,891)	6,554,757		
				(44,884) (44,884)	(44,884) (44,884)		
(625,000)	(228,745)	396,255	(8,318,648)	(1,808,775)	6,509,873		
	617,066	617,066		8,318,648	8,318,648		
\$ (625,000)	\$ 388,321	\$ 1,013,321	\$ (8,318,648)	\$ 6,509,873	\$ 14,828,521		

	Gifts and Donations - Capital							
	Budget	Actua	al	Variance - Positive (Negative)				
Revenues:								
Other local	\$	\$	962	\$	962			
Property taxes								
State aid and grants								
Total revenues			962		962			
Expenditures:								
Capital outlay	127,417				127,417			
Debt service -								
Principal retirement								
Interest and fiscal charges								
Total expenditures	127,417				127,417			
Excess (deficiency) of revenues over expenditures	(127,417)		962		128,379			
Other financing sources (uses): Transfers in Transfers out								
<b>Total other financing sources (uses)</b>								
Changes in fund balances	(127,417)		962		128,379			
Fund balances, beginning of year		1	27,198		127,198			
Fund balances (deficits), end of year	\$ (127,417)	\$ 1	28,160	\$	255,577			

E	nergy and V	Water Saving	gs		Building Renewal Grant					Building Renewal Grant				
Budget	Actual		Variance - Positive (Negative)		Budget		Actual		P	riance - ositive egative)				
\$	\$	554	\$	554	\$		\$		\$					
		554		554				214,711 214,711		214,711 214,711				
108,308				108,308		500,000		226,361		273,639				
108,154 22,373 238,835 (238,835)		108,154 22,373 130,527 (129,973)		108,308 108,862		500,000 500,000)		226,361 (11,650)		273,639 488,350				
140,000		140,000												
140,000		140,000												
(98,835)		10,027		108,862	(	500,000)		(11,650)		488,350				
		99,054		99,054										
\$ (98,835)	\$	109,081	\$	207,916	\$ (:	500,000)	\$	(11,650)	\$	488,350				

		Totals	
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 429,809	\$ 429,809
Property taxes		1,076,960	1,076,960
State aid and grants		4,073,385	4,073,385
Total revenues		5,580,154	5,580,154
Expenditures:			
Capital outlay	27,777,885	7,606,060	20,171,825
Debt service -			
Principal retirement	108,154	108,154	
Interest and fiscal charges	22,373	22,373	
<b>Total expenditures</b>	27,908,412	7,736,587	20,171,825
Excess (deficiency) of revenues over expenditures	(27,908,412)	(2,156,433)	25,751,979
Other financing sources (uses):			
Transfers in	140,000	140,000	
Transfers out		(44,884)	(44,884)
Total other financing sources (uses)	140,000	95,116	(44,884)
Changes in fund balances	(27,768,412)	(2,061,317)	25,707,095
Fund balances, beginning of year		21,743,251	21,743,251
Fund balances (deficits), end of year	\$ (27,768,412)	\$ 19,681,934	\$ 47,450,346

OTHER SUPPLEMENTARY INFORMATION (Continuing Bond Disclosure Tables)

#### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 ENROLLMENT (ADM) LAST TEN FISCAL YEARS JUNE 30, 2022

Fiscal		Increase/	Percent
Year	ADM	Decrease	Change
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%
2012-13	9,841	195	2.02%

**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 JUNE 30, 2022

Assessed Valuation Percent of Assessed Valuation of Estimated Actual Valuation

		Assessed	v aruation	Actual	v aiuatioii
Fiscal Year	Estimated Actual Valuation	Primary	Secondary	Primary	Secondary
2021-22	10,971,851,840	1,101,917,815	1,466,301,046	10.04%	13.36%
2020-21	10,079,369,162	999,689,119	1,308,033,889	9.92%	12.98%
2019-20	9,171,061,802	902,684,659	1,144,341,142	9.84%	12.48%
2018-19	8,384,535,866	819,761,974	1,038,122,141	9.78%	12.38%
2017-18	7,805,296,915	756,560,104	940,968,475	9.69%	12.06%
2016-17	7,259,879,120	703,245,154	860,154,054	9.69%	11.85%
2015-16	6,786,726,616	661,374,248	780,369,365	9.75%	11.50%
2014-15	5,639,986,190	619,728,002	652,775,053	10.99%	11.57%
2013-14	4,822,640,096	570,004,892	577,493,266	11.82%	11.97%
2012-13	5,901,935,374	579,584,448	584,148,304	9.82%	9.90%

**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.

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

#### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 ASSESSED VALUATION BY PROPERTY CLASSIFICATION LAST TEN FISCAL YEARS JUNE 30, 2022

#### NET LIMITED ASSESSED VALUATION BY PROPERTY CLASSIFICATION

							Certain	
	Mines,		Primary	Lease or	Railroad		Governement	
Fiscal	Utilities and	Agriculture	Residential	Rented	and	Historical	Property	
Year	Commercial	and Vacant	Property	Residential	Airlines	Property	Improvements	Total
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
2012-13	111,862,116	46,253,154	361,213,618	60,034,070	213,297	-	8,193	579,584,448

#### SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION

							Certain	
	Mines,		Primary	Lease or	Railroad		Governement	
Fiscal	Utilities and	Agriculture	Residential	Rented	and	Historical	Property	
Year	Commercial	and Vacant	Property	Residential	Airlines	Property	Improvements	Total
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
2012-13	112,247,864	49,684,843	361,894,724	60,095,030	217,650	-	8,193	584,148,304

**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 JUNE 30, 2022

Property Classification (a)	2018	2019	2020	2021	2022
Mining, Utilties, Commerical and Industrial	18.00%	18.00%	18.00%	18.00%	18.00%
Agriculature 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
Raoilroads, Private Rail Cares, and Airlines	14.00	14.00	15.00	15.00	15.00

Source: County Assessors Office

<sup>(</sup>a) Additional classes of property exist, but seldom amount to a significant portion of the District's total valuation.

#### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 PRINCIPAL TAXPAYERS JUNE 30, 2022

Taxpayer	Type of Property	2020-22 Secondary Assessed Valuation	As percent of District's Secondary Assessed Valuation	
Arizona Public Service Company	Gas and Electric Utility	\$ 22,420,452	2.03%	
United Parcel Service	Distribution Center	9,161,080	0.83%	
Southwest Gas Corporation (T&D)	Gas and Electric Utility	8,312,493	0.75%	
Microsoft Corporation	Datacenter Services	8,138,580	0.74%	
Ball Metal Beverage Container Corp.	Manufacturing	7,820,245	0.71%	
Wigwam Joint Venture LP	Resort	7,501,406	0.01%	
FR PV 303 Phase 2 LLC	Distribution Center	6,217,485	0.56%	
First Industrial LP/DRI FR Goodyear LLC	Distribution Center	4,909,948	0.45%	
303 Glendale Development LLC	Distribution Center	4,580,965	0.42%	
Estrella Falls LLC	Shopping Center	4,554,185	0.41%	
Totals		\$ 83,616,839	6.91%	

Source: Maricopa County Assessor's Office

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

#### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 REAL PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS JUNE 30, 2022

Collected to June 30 End of Tax Fiscal Year

Collected as of June 30, 2022

Fiscal	Real Property		Percent of		Percent of
Year	Tax Levy	Amount	Tax Levy	Amount	Tax Levy
2021-22	37,918,653	36,069,720	95.12%	36,039,720	95.12%
2020-21	34,980,570	34,698,914	99.19	34,976,635	99.99
2019-20	33,239,923	32,815,041	98.72	33,235,164	99.99
2018-19	31,466,635	31,217,510	99.21	31,464,138	99.99
2017-18	26,356,929	24,888,823	94.43	26,356,092	100.00
2016-17	26,582,288	26,511,246	99.73	26,581,589	100.00
2015-16	25,361,703	25,039,680	98.73	25,359,669	99.99
2014-15	23,947,689	22,764,864	95.06	23,946,551	100.00
2013-14	22,679,607	21,477,190	94.70	22,678,279	99.99
2012-13	22,723,252	21,599,878	95.06	22,722,613	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 JUNE 30, 2022

Fiscal			
Year	Primary	Secondary	Total
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
2012-13	2.31	1.58	3.89

**Source:** Marciopa County Assessor's Office.

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

#### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND GENERAL OBLIGATION BONDED INDEBTEDNESS JUNE 30, 2022

	Litchfield	
	Elementary School	
	Di	strict No. 79
Total Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$	43,385,000
Primary Assessed Valuation		1,101,917,815
Secondary Assessed Valuation		1,466,301,046
Estimated Net Full Cash Value	10	0,971,851,840

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

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 DIRECT AND OVERLAPPPING ASSESSED VALUATIONS AND TAX RATES PER \$100 ASSESSED VALUATION JUNE 30, 2022

Overlapping Jurisdiction	2021/22 Net Limited Assessed Valuation	2021/22 Total Tax Rate Per \$100 Assessed Valuation
State of Arizona	\$ 74,200,360,570	None
Maricopa County	48,724,126,672	1.77 <i>(a)</i>
Maricopa County Community College District	48,724,126,672	1.23
Maricopa County Fire District Assistance Tax	48,724,126,672	0.01
Maricopa County Special Health Care District	48,724,126,672	0.30
Maricopa County Library District	48,724,126,672	0.06
Maricopa County Flood Control District (b)	44,882,715,452	0.18
Central Arizona Water Conservation District	48,724,126,672	0.14
Buckeye Valley Volunteer Fire District	177,497,903	3.80
Adaman Irrigation and Water Delivery District #36	N/A	11.96 per acre
McMicken Irrigation District	N/A	1.14 per acre
Roosevelt Irrigation District	N/A	29.81 per acre
Goodyear Community Facilities General District #1	140,714,524	0.77
Goodyear Community Utilities General District #1	448,150,116	0.86
Palm Valley Community Facilities District #3	134,095,526	0.46
Verrado Community Facilities District #1	149,307,658	3.93
Village at Litchfield Park Community Facilities District	28,108,294	1.29
Electrical District #7	1,105,637,893	0.01
City of Avondale	493,207,192	1.42
City of Buckeye	617,421,432	1.77
City of Goodyear	1,170,620,728	1.74
City of Litchfield Park	99,566,693	-
Western Maricopa Education Center (West-MEC) (c)	18,085,233,843	0.16
Agua Fria Union High School District No. 216	1,633,723,788	3.30
Litchfield Elementary School District No. 79	1,101,917,815	3.50

<sup>(</sup>a) Includes the State Equalization Assistance Property Tax levied by the County.

<sup>(</sup>b) Excludes the personal property assessed value within the County.

<sup>(</sup>c) Includes the assessed value within Maricopa and Yavapai County.

## LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 DIRECT AND OVERLAPPPING GENERAL OBLIGATION BONDED DEBT JUNE 30, 2022

	General Obligation	Proportion Applicable to the District (a)		
	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	5,560,000	69.22%	3,848,632	
Goodyear Community Facilities Utilities General District #1	26,925,000	93.71%	25,231,418	
Palm Valley Community Facilities District	4,280,000	100.00%	4,280,000	
Verrado Community Facilities District #1	24,325,000	85.06%	20,690,845	
Village at Litchfield Park Community Facilities District	1,350,000	100.00%	1,350,000	
City of Avondale	44,475,000	19.35%	8,605,913	
City of Buckeye	None	37.29%	None	
City of Goodyear	150,555,000	43.31%	65,205,371	
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	43,385,000	100.000%	43,385,000	
Net Direct and Overlapping General Obligation Bonded Debt			\$ 272,261,702	

<sup>(</sup>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 vaue of the overlapping municipal entity. Such FY22 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 OVERLAPPPING GENERAL OBLIGATION BONDED DEBT RATIOS JUNE 30, 2022

			As Percent of
	Per Capita		District's
	Bonded debt		2021-22
	Population	As Percent of District's	Esimtaed Net
	Estimated at	2021-22 Secondary	Full Cash
	89,407	Assessed Valuation	Value
Net Direct General Obligation Bonded Debt	415	2.53%	0.34%
Net Direct and Overlapping General Obligation Debt	3,045	18.57%	2.48%

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

#### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 COMPUTATION OF LEGAL DEBT LIMITATIONS JUNE 30, 2022

Net Secondary Assessed Value		\$ 1,466,301,046
Total District General Obligation and Refnding Bonds		
Debt Limitation - 15% of Net Secondary Assessed Value		\$ 219,945,157
Amount of Debt Applicable to Debt Limit: Class A Bonds Outstanding Class B Bonds Outstanding	\$ 43,385,000	
Total Amount of Debt Appicable to Debt Margin		 43,385,000
Legal Debt Margin		\$ 176,560,157
Class B Bonds		
Debt Limit - 10% of Net Secondary Assessed Valuation Debt Limit - \$1,500 Per Student Cont		\$ 146,630,105 15,189,000
Amount of Debt Applicable to Debt Limit: Class B General Obligation Bonds Outstanding	\$ 43,385,000	
Total Debt Applicable to Debt Margin		\$ 43,385,000
Legal Debt Margin		\$ 103,245,105

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

# LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 ANNUAL DEBT SERVICE REQUIREMENTS OF GENERAL OBLGATION BONDED DEBT OUTSTANDING JUNE 30, 2022

#### Outstanding General Obligation Bonded Debt Service Requiremnts

Total Debt Service Requirements Fiscal Year Principal Interest 2022-23 6,255,000 1,318,803 7,573,803 2023-24 6,880,000 1,203,980 8,083,980 2024-25 955,612 8,490,612 7,535,000 2025-26 7,780,000 762,264 8,542,264 2026-27 2,785,000 580,675 3,365,675 2027-28 2,875,000 477,650 3,352,650 2028-29 347,525 3,352,525 3,005,000 2029-30 214,475 3,329,475 3,115,000 2030-31 3,155,000 112,150 3,267,150 Totals 43,385,000 5,973,134 49,358,134

Source: Litchfield Elementary School District.

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

#### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 SCHOOL FACILITIES JUNE 30, 2022

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 Schol	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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# 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

#### Independent Auditor's Report

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, 2022, 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 January 30, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

#### 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 January 30, 2023



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

**Independent Auditor's Report** 

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, 2022. 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, 2022.

#### 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 (*Government Auditing Standards*); 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, 2022, 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 January 30, 2023, 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 Meach & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona January 30, 2023

### LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Fiscal Period 7/1/2021 - 6/30/2022

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	ldentifying Number Assigned By Funder Pass-Through Entity	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE		(орисния)						
			ARIZONA DEPARTMENT OF					
COVID-19 NATIONAL SCHOOL LUNCH PROGRAM	10.555	COVID-19	EDUCATION  ARIZONA DEPARTMENT OF	7AZ300AZ3	\$41,661	\$41,661	CHILD NUTRITION CLUSTER	\$4,602,628
CHILD AND ADULT CARE FOOD PROGRAM	10.558		EDUCATION ARIZONA DEPARTMENT OF	7AZ300AZ3	\$211,873	\$211,873	N/A	\$0
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559		EDUCATION ARIZONA DEPARTMENT OF	7AZ300AZ3	\$4,560,967	\$4,560,967	CHILD NUTRITION CLUSTER	\$4,602,628
COVID-19 PANDEMIC EBT FOOD BENEFITS TOTAL DEPARTMENT OF AGRICULTURE	10.649	COVID-19	EDUCATION	7AZ300AZ3	\$2,111	\$2,111	N/A	\$0
					\$4,816,612			
DEPARTMENT OF TREASURY								
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY								
FUNDS COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY	21.027	COVID-19	ARIZONA GOVERNOR'S OFFICE	GFRT-21-1059	\$811,012	\$1,302,558	N/A	\$0
FUNDS TOTAL DEPARTMENT OF TREASURY	21.027	COVID-19 21.027X	ARIZONA GOVERNOR'S OFFICE	ISA-ARPA-LITCHESD-042022-153	\$491,546	\$1,302,558	N/A	\$0
TOTAL DELI ANTINENT OF TREASON					\$1,302,558			
DEPARTMENT OF EDUCATION								
			ARIZONA DEPARTMENT OF					
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010		EDUCATION ARIZONA DEPARTMENT OF	S010A210003	\$1,052,527	\$1,052,527	N/A	\$0
SPECIAL EDUCATION_GRANTS TO STATES	84.027		EDUCATION ARIZONA DEPARTMENT OF	H027A210007	\$1,933,410	\$1,994,378 S	PECIAL EDUCATION CLUSTER (IDEA)	\$2,040,927
COVID-19 SPECIAL EDUCATION_GRANTS TO STATES	84.027	COVID-19 84.027X	EDUCATION  ARIZONA DEPARTMENT OF	H027X210007	\$60,968	\$1,994,378 S	PECIAL EDUCATION CLUSTER (IDEA)	\$2,040,927
SPECIAL EDUCATION_PRESCHOOL GRANTS	84.173		EDUCATION ARIZONA DEPARTMENT OF	H173A210003	\$46,549	\$46,549 S	PECIAL EDUCATION CLUSTER (IDEA)	\$2,040,927
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	84.365A	EDUCATION ARIZONA DEPARTMENT OF	S365A210003	\$70,478	\$70,478	N/A	\$0
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367		EDUCATION ARIZONA DEPARTMENT OF	S367A210049	\$75,663	\$75,663	N/A	\$0
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424		EDUCATION ARIZONA DEPARTMENT OF	S424A210003	\$103,804	\$103,804	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19 84.425D	EDUCATION ARIZONA DEPARTMENT OF	S425D200038	\$5,420	\$3,026,469	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19 84.425D	EDUCATION ARIZONA DEPARTMENT OF	S425D210038	\$2,519,969	\$3,026,469	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND TOTAL DEPARTMENT OF EDUCATION	84.425	COVID-19 84.425U	EDUCATION	S425U210038	\$501,080	\$3,026,469	N/A	\$0
DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$6,369,868			
MEDICAL ASSISTANCE PROGRAM  TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	93.778		PUBLIC CONSULTING GROUP, INC.	N/A	\$79,961	\$79,961	MEDICAID CLUSTER	\$79,961
					\$79,961			

TOTAL EXPENDITURE OF FEDERAL AWARDS \$12,568,999

#### Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

## LITCHFIELD ELEMENTARY SCHOOL DISTRICT NO. 79 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Fiscal Period 7/1/2021 - 6/30/2022

#### Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Lichfield Elementary School District No. 79 under programs of the federal government for the year ended June 30, 2022. 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 Cost Rate

The auditee did not use the de minimis 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, 2022

#### **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 Program or Cluster
10.555, 10.559	Child Nutrition Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Educational 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

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