
LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

AVONDALE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Issued by:
Business and Finance Department

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

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INTRODUCTORY SECTION

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December 19, 2016

Citizens and Governing Board
Littleton Elementary School District No. 65
1600 S. 107th Avenue
Avondale, Arizona 85323

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Littleton Elementary School District No. 65 (District) for the fiscal year ended June 30, 2016.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Littleton Elementary School District #65 • PO Box 280 • Cashion, Arizona 85329 • (623) 478-5600 Reception • (623) 478-5625 Facsimile
Underdown Learning Center and Administrative Offices • 1600 South 107th Avenue, Avondale, Arizona 85323

www.littletonaz.org

Collier Elementary
(623) 478-5900
www.coes.littletonaz.org

Country Place Elementary
(623) 478-6100
www.cpes.littletonaz.org

Estrella Vista Elementary
(623) 478-6200
www.eves.littletonaz.org

Littleton Elementary
(623) 478-5700
www.lnes.littletonaz.org

Quentin Elementary
(623) 478-6000
www.ques.littletonaz.org

Tres Rios Elementary
(623) 478-6300
www.tres.littletonaz.org

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

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade eight, with a current enrollment of 5,165.

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

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

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

The District was organized in 1912 and is located about 15 miles west of downtown Phoenix. The District boundaries encompass approximately 30 square miles, which include portions of the

City of Phoenix, the City of Avondale and the City of Tolleson. The unincorporated City of Cashion is also included in the District. The District is included in the area served by the Tolleson Union High School District No. 214.

Avondale is located in the southwestern portion of the metropolitan Phoenix area and in the central portion of the County, contiguous to the communities of Litchfield Park to the north, Phoenix to the north and east, Tolleson to the east and Goodyear to the north and west. Unique to Avondale is the convergence of the Gila, Salt and Agua Fria rivers within Avondale. The Phoenix International Raceway is also included in the boundaries for the District. Avondale was incorporated in 1946 and is considered one of the fastest growing residential areas in the County. The population statistics for the City of Avondale according to the 2010 Census was 76,238 and the 2015 Estimate was 80,684.

Due to the District's close proximity to the Phoenix Metropolitan area and its strategic location on the I-10 corridor, it is included in the westward expansion of the City. Although agriculture has been the economic mainstay of the area for many years, the attraction of commerce, light manufacturing and residential development are contributing to the District's growth and economic diversity. Home building over the last decade within the District boundaries saw a steady increase with a few stagnant years due to the recession. Home building is again on the rise with new communities as well as resurgence of communities that had fallen dormant during the downturn of the economy. This growth affected student population and since 2002 enrollment increased from 1,367 to the current enrollment of 5,165 students.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. Avondale is developing from an agriculturally based community into a center for commerce and light industry. Avondale's economy is a mix of services, retail and manufacturing. Avondale has two employment corridors that are able to access a labor pool of more than a million employees within a 30-minute commute. The I-10 Corridor and the Avondale Boulevard Corridor serve the 66-acre Avondale Civic Center that includes a 16,000 square foot Hilton complex. Avondale continues to work to bring in a diversified, high quality

employment base. In addition to office plazas, retail centers and one of the state's largest automalls (Avondale Automall), the city has found its niche with medical-related offices and health-related centers. With two hospitals on its border and a Phoenix Children's Hospital in the West Valley, medical-related professions thrive in the community. New housing starts declined beginning in 2009 due to the state of the economy in Arizona but the City is now experiencing a gradual increase that is expected to grow over the next few years. The city is governed by a mayor and seven council members.

The Phoenix metropolitan area and the rest of Maricopa County had been one of the fastest growing regional markets in the United States. The slow economic climate statewide has affected growth within the District. Recovery is expected to be slow at first with true growth returning in as little as two to three years. The number of manufacturing and wholesale business located in the metropolitan area is approaching 3,000. This growth has been stimulated by a combination of warm climate, a substantial well educated labor pool, a wide range of support industries and a governmental climate that is supportive of economic growth and investment.

A few of the major firms represented in the Phoenix metropolitan area include Honeywell International, Inc., Banner Health Systems, Wal-Mart Stores, Inc., Wells Fargo Company and Bashas'. In addition, the metropolitan area provides excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, and one state university.

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,226 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Fountain Hills. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. The County's 2014 population was estimated at 4,167,947 and expected to reach 6 million by 2030. Maricopa County has a very wide range of economic sectors supporting its substantial growth. Maricopa County has, for some time, enjoyed an unemployment rate that was somewhat lower than the national average.

Service is the largest employment sector in the County, partly fueled by the \$2+ billion per year tourist industry. The County has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category, employing over a quarter million people.

Manufacturing consisting primarily of high technology companies is the third largest employer. Other factors aiding economic growth include major expansions of the international airport serving the area, a favorable business climate and the presence of a well-developed and expanding transportation infrastructure.

Long-term Financial Planning. The District opened its seventh elementary school, Tres Rios, in August 2008 and closed an existing middle school, Underdown. The District adopted a new vision to have all schools be kindergarten through 8th grade. The campus that was closed is now seeing new life as the site for the new district administration facility, which was completed in December 2009. New Schools were funded primarily through the Arizona School Facilities Board but in recent years the funding has been shifted to local taxpayers through Bond elections. The average age of the school buildings is 25 years.

million in bonds to finance additional renovations at each school site and the purchase of land for future schools and school bus purchases.

Through a Special Bond Election in November of 2014, local taxpayers elected to authorize the District to sell \$14.25 million in bonds for the construction of a new elementary campus. Construction of the new campus began in the fall of 2015 and completed in July of 2016 with classes starting July of 2016.

After years of growth, the District experienced a flat line in student numbers during the 2009-2010 school year as development of new housing slowed throughout the District, in the years following the enrollment has stabilized. The District continues to see student growth as the projected enrollment is expected to exceed the current student count of 5,165. Estimates indicate that a 1-3 percent growth rate will continue for the next 3 – 5 years.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the sixth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2015-16 certificates.

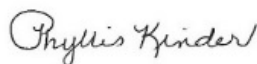
Acknowledgements. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation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

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

Respectfully submitted,



Roger S. Freeman, Ed.D.
Superintendent



Phyllis Kinder
Chief Operations Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Littleton Elementary School District No. 65

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

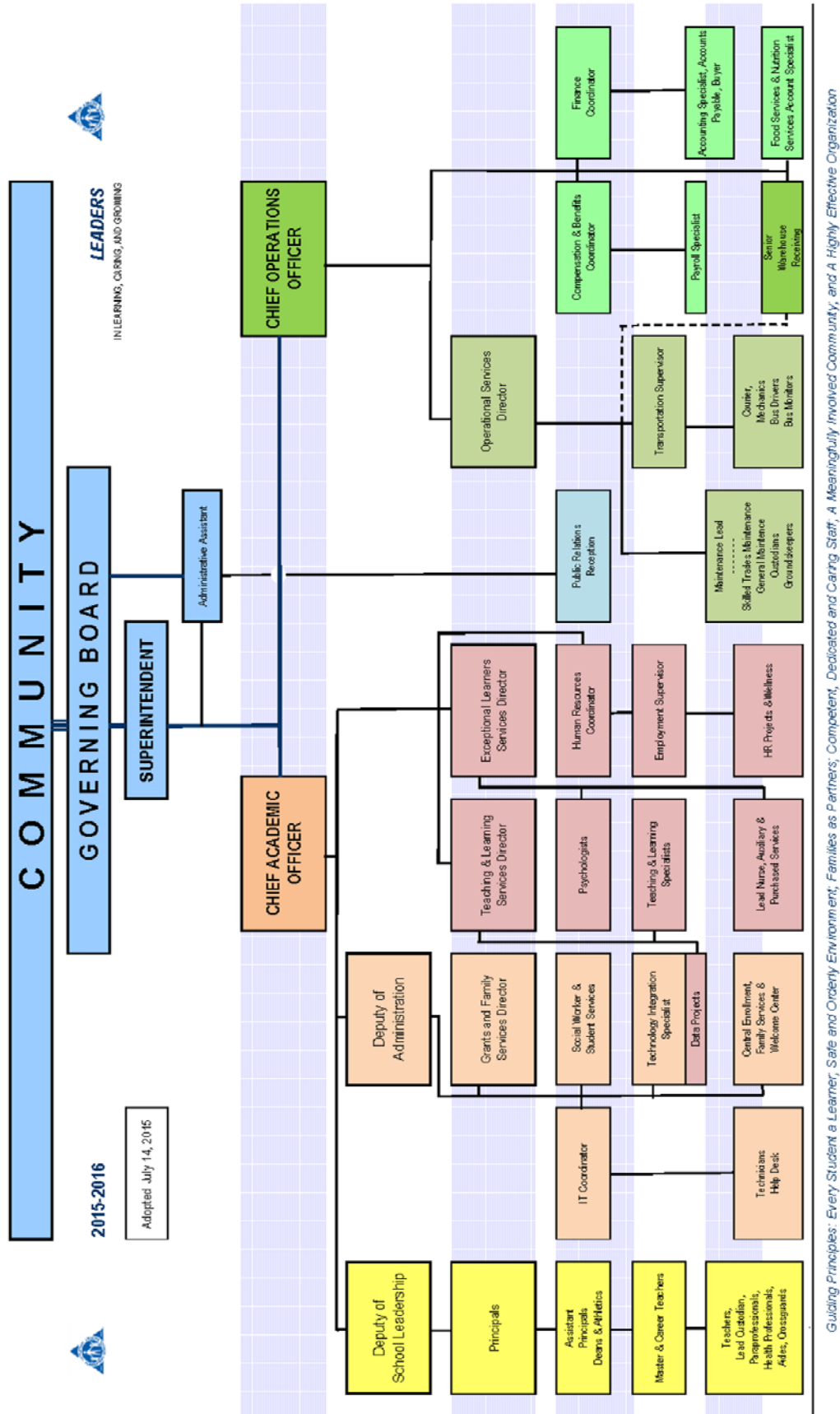
Presented to

**Littleton Elementary School
District No. 65, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Amy Soucinek, President

Michael Pineda, Vice President

Sandi Nielson, Member

Kathy Reyes, Member

John Raeder III, Member

ADMINISTRATIVE STAFF

Roger S. Freeman, Ed.D., Superintendent

Phyllis Kinder, Chief Operations Officer

Dr. Lisa Kelley, Chief Academic Officer

Sue Garrison, Deputy of Administration

Dr. Allison Garland, Deputy of School Leadership

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Littleton Elementary School District No. 65

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Littleton Elementary School District No. 65 (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Littleton Elementary School District No. 65, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, on our consideration of Littleton Elementary School District No. 65'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 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 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 Littleton Elementary School District No. 65's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 19, 2016

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

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**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

As management of the Littleton Elementary School District No. 65 (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, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities decreased \$987,152, which represents a three percent decrease from the prior fiscal year.
- General revenues accounted for \$37.1 million in revenue, or 82 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.2 million, or 18 percent of total current fiscal year revenues.
- The District had approximately \$46.3 million in expenses related to governmental activities, a decrease of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$32.4 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$31.7 million in expenditures. The General Fund's fund balance increased from \$5.9 million at the prior fiscal year end to \$7.0 million at the end of the current fiscal year which was primarily due to decreased expenditures related to shortening the school year to a 180-day calendar.

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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016

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 can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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 decision. 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.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

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, Food Service, Debt Service, and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus.

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 Food Service 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 of resources exceeded liabilities and deferred inflows of resources by \$29.6 million at the current fiscal year end.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 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.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	As of June 30, 2016	As of June 30, 2015
Current and other assets	\$ 18,382,246	\$ 27,655,784
Capital assets, net	76,186,175	67,619,931
Total assets	<u>94,568,421</u>	<u>95,275,715</u>
Deferred outflows	<u>5,042,735</u>	<u>6,343,607</u>
Current and other liabilities	3,736,866	2,711,228
Long-term liabilities	62,954,499	61,929,665
Total liabilities	<u>66,691,365</u>	<u>64,640,893</u>
Deferred inflows	<u>3,280,829</u>	<u>6,352,315</u>
Net position:		
Net investment in capital assets	53,316,103	54,510,270
Restricted	7,095,095	6,484,625
Unrestricted	(30,772,236)	(30,368,781)
Total net position	<u>\$ 29,638,962</u>	<u>\$ 30,626,114</u>

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission reported a deficit of \$30.8 million. The deficit arose because of the implementation of GASB Statement No. 68 in a prior fiscal year, which required the District to record a liability for its proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

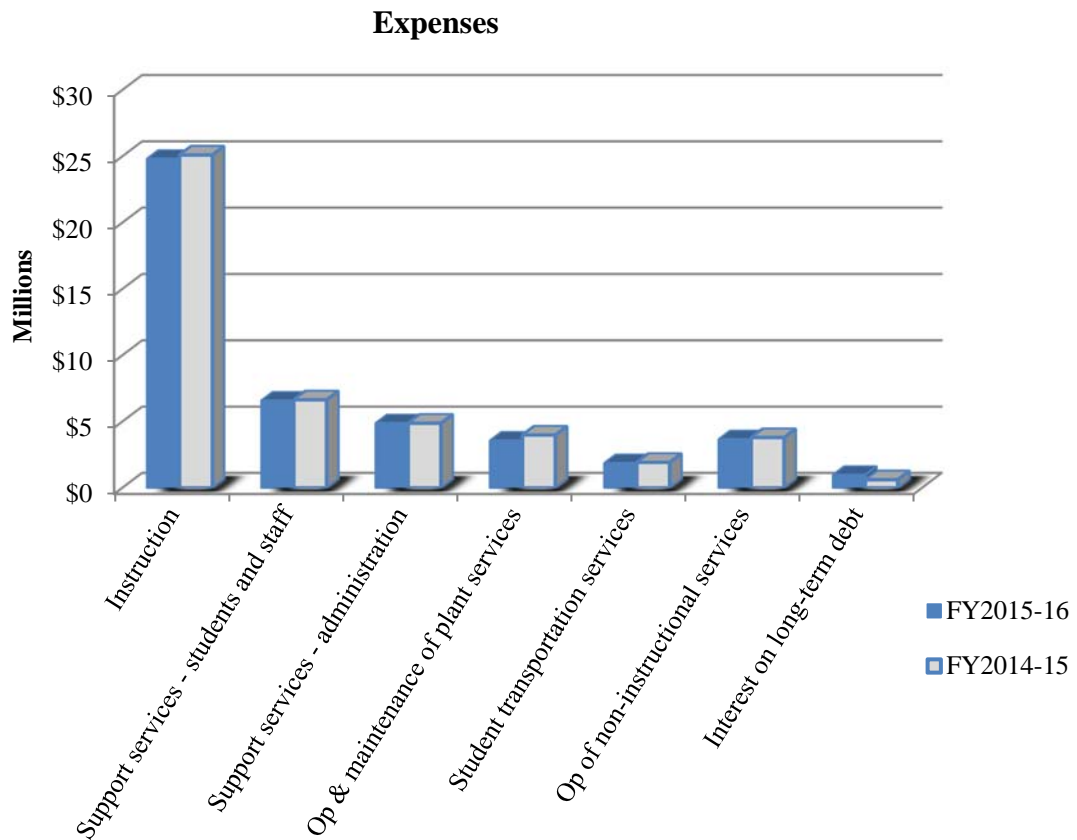
- The principal retirement of \$1.5 million of bonds.
- Accumulated depreciation increased \$2.2 million.
- The increase of \$2.5 million in pension liabilities.

Changes in net position. The District's total revenues for the current fiscal year were \$45.3 million. The total cost of all programs and services was \$46.3 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
Revenues:		
Program revenues:		
Charges for services	\$ 937,612	\$ 886,018
Operating grants and contributions	7,108,886	6,919,745
Capital grants and contributions	165,115	229,493
General revenues:		
Property taxes	12,341,162	12,717,175
Investment income	82,812	35,223
Unrestricted county aid	2,094,375	2,079,064
Unrestricted state aid	22,281,981	22,493,033
Unrestricted federal aid	268,552	179,069
Total revenues	<u>45,280,495</u>	<u>45,538,820</u>
Expenses:		
Instruction	24,800,192	25,085,857
Support services – students and staff	6,576,747	6,629,917
Support services – administration	4,867,489	4,865,915
Operation and maintenance of plant services	3,555,273	3,973,182
Student transportation services	1,854,233	1,908,702
Operation of non-instructional services	3,649,787	3,781,271
Interest on long-term debt	963,926	601,005
Total expenses	<u>46,267,647</u>	<u>46,845,849</u>
Changes in net position	<u>(987,152)</u>	<u>(1,307,029)</u>
Net position, beginning	<u>30,626,114</u>	<u>31,933,143</u>
Net position, ending	<u>\$ 29,638,962</u>	<u>\$ 30,626,114</u>

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- Increase in interest on long-term debt expenses of \$362,921 due to interest beginning to be due on the newest debt issuance.
- Decrease in operation and maintenance of plant services expenses of \$417,909 due primarily to the District reducing the school calendar to 180 days.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

	Year Ended June 30, 2016		Year Ended June 30, 2015	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 24,800,192	\$ (22,597,478)	\$ 25,085,857	\$ (23,109,878)
Support services – students and staff	6,576,747	(5,520,435)	6,629,917	(5,732,069)
Support services – administration	4,867,489	(4,633,113)	4,865,915	(4,666,400)
Operation and maintenance of plant services	3,555,273	(3,347,286)	3,973,182	(3,624,666)
Student transportation services	1,854,233	(1,854,233)	1,908,702	(1,837,354)
Operation of non-instructional services	3,649,787	510,977	3,781,271	644,793
Interest on long-term debt	963,926	(614,466)	601,005	(485,019)
Total	\$ 46,267,647	\$ (38,056,034)	\$ 46,845,849	\$ (38,810,593)

- The cost of all governmental activities this year was \$46.3 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8.2 million.
- Net cost of governmental activities of \$38.1 million was financed by general revenues, which are made up of primarily property taxes of \$12.3 million and state aid of \$22.3 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.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$12.2 million, a decrease of \$10.6 million primarily due to the construction of a new school.

The General Fund comprises 58 percent of the total fund balance. Approximately \$5.3 million, or 76 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 \$1.1 million in the General Fund to \$7.0 million as of fiscal year end was primarily a result of decreased expenditures from shortening the school year from 200 to 180 days.

Fund balance of the Food Service Fund decreased \$464,281 due to the construction of new food services offices.

Fund balance of the Debt Service Fund decreased \$460,677 due to debt service payments related to the prior year bond issuance.

Fund balance of the Bond Building Fund decreased \$11.4 million due to the construction of a new school.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget due to the passage of Proposition 123. The difference between the original budget and the final amended budget was a \$1.2 million increase, or four percent. Significant variances for the final amended budget and actual revenues resulted from the District no longer 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 variance is summarized as follows:

- The favorable variance of \$1.4 million in Instruction expenditures was a result of a budget increase due to the passage of Proposition 123 at year-end.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$98.7 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 \$10.8 million from the prior fiscal year, primarily due to continued construction of a new school. Total depreciation expense for the current fiscal year was \$2.4 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2016 and June 30, 2015.

	As of June 30, 2016	As of June 30, 2015
Capital assets – non-depreciable	\$ 16,685,793	\$ 7,043,101
Capital assets – depreciable, net	59,500,382	60,576,830
Total	<u>\$ 76,186,175</u>	<u>\$ 67,619,931</u>

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

Debt Administration. At year-end, the District had \$23.2 million in long-term debt outstanding, \$1.6 million due within one year. Long-term debt decreased by \$1.6 million primarily due to principal repayments.

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 \$40.5 million and the Class B debt limit is \$27.0 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-17 budget. Among them:

- Fiscal year 2015-16 budget balance carry forward (estimated \$1.8 million).
- District student population (estimated 5,220).

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

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budgeted expenditures in the General Fund increased three percent to \$31.8 million in fiscal year 2016-17 primarily due to student growth and carry forward of Proposition 123 monies. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2016-17 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, Littleton Elementary School District No. 65, 1600 South 107th Avenue, Avondale, Arizona 85323.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 8,847,851
Property taxes receivable	634,952
Accounts receivable	3,238
Due from governmental entities	8,831,191
Deposits	65,014
Total current assets	<u>18,382,246</u>
Noncurrent assets:	
Capital assets not being depreciated	16,685,793
Capital assets, net of accumulated depreciation	59,500,382
Total noncurrent assets	<u>76,186,175</u>
Total assets	<u>94,568,421</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	<u>5,042,735</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,249,734
Construction contracts payable	1,515,470
Credit line payable	203,000
Accrued payroll and employee benefits	134,598
Compensated absences payable	38,000
Accrued interest payable	477,948
Unearned revenues	156,116
Obligations under capital leases	102,727
Bonds payable	1,525,000
Total current liabilities	<u>5,402,593</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	61,288,772
Total noncurrent liabilities	<u>61,288,772</u>
Total liabilities	<u>66,691,365</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	<u>3,280,829</u>
<u>NET POSITION</u>	
Net investment in capital assets	53,316,103
Restricted for:	
Voter approved initiatives	2,136,816
Federal and state projects	62,022
Food service	1,388,128
Civic center	351,332
Community school	121,359
Extracurricular activities tax credit	91,989
Other local initiatives	131,169
Debt service	411,700
Capital outlay	2,400,580
Unrestricted	(30,772,236)
Total net position	<u>\$ 29,638,962</u>

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 24,800,192	\$ 308,993	\$ 1,728,606	\$ 165,115	\$ (22,597,478)
Support services - students and staff	6,576,747	28,448	1,027,864		(5,520,435)
Support services - administration	4,867,489	56,745	177,631		(4,633,113)
Operation and maintenance of plant services	3,555,273	207,987			(3,347,286)
Student transportation services	1,854,233				(1,854,233)
Operation of non-instructional services	3,649,787	335,439	3,825,325		510,977
Interest on long-term debt	963,926		349,460		(614,466)
Total governmental activities	<u>\$ 46,267,647</u>	<u>\$ 937,612</u>	<u>\$ 7,108,886</u>	<u>\$ 165,115</u>	<u>(38,056,034)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	7,108,266
Property taxes, levied for debt service	1,998,249
Property taxes, levied for capital outlay	3,234,647
Investment income	82,812
Unrestricted county aid	2,094,375
Unrestricted state aid	22,281,981
Unrestricted federal aid	268,552
Total general revenues	<u>37,068,882</u>

Changes in net position (987,152)

Net position, beginning of year 30,626,114

Net position, end of year \$ 29,638,962

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

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FUND FINANCIAL STATEMENTS

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Food Service</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash and investments	\$ 545,741	\$ 1,070,420	\$ 2,034,261
Property taxes receivable	535,356		30,927
Accounts receivable			
Due from governmental entities	7,189,764	19,263	349,460
Due from other funds		878,391	
Deposits		65,014	
Total assets	<u><u>\$ 8,270,861</u></u>	<u><u>\$ 2,033,088</u></u>	<u><u>\$ 2,414,648</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 445,720	\$ 642,968	\$
Construction contracts payable			
Credit line payable	203,000		
Due to other funds			
Accrued payroll and employee benefits	98,960	1,992	
Unearned revenues			
Bonds payable			1,525,000
Bond interest payable			477,948
Total liabilities	<u>747,680</u>	<u>644,960</u>	<u>2,002,948</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	507,374		24,511
Unavailable revenues - intergovernmental			349,460
Total deferred inflows of resources	<u>507,374</u>	<u></u>	<u>373,971</u>
Fund balances:			
Restricted	1,714,999	1,388,128	37,729
Unassigned	5,300,808		
Total fund balances	<u>7,015,807</u>	<u>1,388,128</u>	<u>37,729</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 8,270,861</u></u>	<u><u>\$ 2,033,088</u></u>	<u><u>\$ 2,414,648</u></u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,812,913	\$ 3,384,516	\$ 8,847,851
	68,669	634,952
	3,238	3,238
	1,272,704	8,831,191
		878,391
		65,014
<u>\$ 1,812,913</u>	<u>\$ 4,729,127</u>	<u>\$ 19,260,637</u>
\$ 1,515,470	\$ 161,046	\$ 1,249,734
		1,515,470
		203,000
	878,391	878,391
	33,646	134,598
	156,116	156,116
		1,525,000
		477,948
<u>1,515,470</u>	<u>1,229,199</u>	<u>6,140,257</u>
	66,702	598,587
		349,460
	<u>66,702</u>	<u>948,047</u>
297,443	3,433,226	6,871,525
		5,300,808
<u>297,443</u>	<u>3,433,226</u>	<u>12,172,333</u>
<u>\$ 1,812,913</u>	<u>\$ 4,729,127</u>	<u>\$ 19,260,637</u>

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total governmental fund balances	\$	12,172,333
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 98,697,805	
Less accumulated depreciation	<u>(22,511,630)</u>	76,186,175

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

Property taxes	598,587	
Intergovernmental	<u>349,460</u>	948,047

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		(449,838)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	5,042,735	
Deferred inflows of resources related to pensions	<u>(3,280,829)</u>	1,761,906

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

Compensated absences payable	(937,059)	
Obligations under capital leases	(462,677)	
Net pension liability	(38,849,925)	
Bonds payable	<u>(20,730,000)</u>	<u>(60,979,661)</u>

Net position of governmental activities	\$	<u>29,638,962</u>
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The notes to the basic financial statements are an integral part of this statement.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Food Service</u>	<u>Debt Service</u>
Revenues:			
Other local	\$ 2,271,571	\$ 344,697	\$ 11,619
Property taxes	9,757,811		1,992,673
State aid and grants	20,085,240		
Federal aid, grants and reimbursements	268,552	3,825,325	
Total revenues	<u>32,383,174</u>	<u>4,170,022</u>	<u>2,004,292</u>
Expenditures:			
Current -			
Instruction	17,027,767		
Support services - students and staff	4,491,083		
Support services - administration	3,848,520		
Operation and maintenance of plant services	3,029,232	7,818	
Student transportation services	1,211,752		
Operation of non-instructional services	63,318	3,464,261	
Capital outlay	1,867,065	776,172	
Debt service -			
Principal retirement	95,146		1,525,000
Interest and fiscal charges	41,771		974,974
Total expenditures	<u>31,675,654</u>	<u>4,248,251</u>	<u>2,499,974</u>
Excess (deficiency) of revenues over expenditures	<u>707,520</u>	<u>(78,229)</u>	<u>(495,682)</u>
Other financing sources (uses):			
Transfers in	435,045		35,005
Transfers out		(386,052)	
Total other financing sources (uses):	<u>435,045</u>	<u>(386,052)</u>	<u>35,005</u>
Changes in fund balances	<u>1,142,565</u>	<u>(464,281)</u>	<u>(460,677)</u>
Fund balances, beginning of year	5,873,242	1,852,409	498,406
Fund balances, end of year	<u>\$ 7,015,807</u>	<u>\$ 1,388,128</u>	<u>\$ 37,729</u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 35,005	\$ 490,618	\$ 3,153,510
	724,653	12,475,137
	2,210,244	22,295,484
	3,073,068	7,166,945
<u>35,005</u>	<u>6,498,583</u>	<u>45,091,076</u>
	3,207,120	20,234,887
	1,461,185	5,952,268
	342,050	4,190,570
	144,628	3,181,678
	66,312	1,278,064
		3,527,579
11,358,376	651,121	14,652,734
		1,620,146
		1,016,745
<u>11,358,376</u>	<u>5,872,416</u>	<u>55,654,671</u>
<u>(11,323,371)</u>	<u>626,167</u>	<u>(10,563,595)</u>
		470,050
<u>(35,005)</u>	<u>(48,993)</u>	<u>(470,050)</u>
<u>(35,005)</u>	<u>(48,993)</u>	
<u>(11,358,376)</u>	<u>577,174</u>	<u>(10,563,595)</u>
11,655,819	2,856,052	22,735,928
<u>\$ 297,443</u>	<u>\$ 3,433,226</u>	<u>\$ 12,172,333</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net changes in fund balances - total governmental funds **\$ (10,563,595)**

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

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 10,920,526	
Less current year depreciation	<u>(2,354,282)</u>	8,566,244

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(133,975)	
Intergovernmental	<u>323,394</u>	189,419

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.

Capital lease principal retirement	95,146	
Bond principal retirement	<u>1,525,000</u>	1,620,146

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	2,415,937	
Pension expense	<u>(3,169,139)</u>	(753,202)

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.

Amortization of deferred bond items	52,819	
Compensated absences	<u>(98,983)</u>	(46,164)

Change in net position in governmental activities **\$ (987,152)**

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 43,802
Total assets	<u>\$ 43,802</u>
<u>LIABILITIES</u>	
Due to student groups	\$ 43,802
Total liabilities	<u>\$ 43,802</u>

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Littleton Elementary School District No. 65 (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, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also enhances accountability and transparency through revised note disclosures.

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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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.

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

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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

Property taxes, state and county aid, 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. Fiduciary funds are reported by fund type.

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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Food Service Fund – The Food Service Fund accounts for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions. Revenues consist of child and adult meal charges and federal reimbursements.

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

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

Additionally, the District reports the following fund type:

Fiduciary Fund – The Fiduciary Fund is an Agency Fund which account for resources held by the District on behalf of others. This fund type includes the Student Activities Fund which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent.

The agency fund is custodial in nature and do not have a measurement focus and are reported using the accrual basis of accounting. The agency fund is reported by fund type.

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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Statute requires collateral for deposits of Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

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

E. Investment Income

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

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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

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

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

H. Prepaid Items

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

I. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, 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. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market 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 improvements	10 - 20 years
Buildings and improvements	15 - 50 years
Vehicles, furniture and equipment	5 - 20 years

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Deferred Outflows/Inflows of Resources

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

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

K. Compensated Absences

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

L. Pensions

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

M. Long-term Obligations

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

N. Interfund Activity

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

O. Net Position Flow Assumption

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

P. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	General Fund	Food Service Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Debt service	\$	\$	\$ 37,729	\$	
Capital projects	1,714,999				538,539
Bond building projects				297,443	
Voter approved initiatives					2,136,816
Federal and state projects					62,022
Food service		1,388,128			
Civic center					351,332
Community school					121,359
Extracurricular activities					91,989
Intergovernmental agreements					96,367
Other purposes					34,802
Unassigned	5,300,808				
Total fund balances	<u>\$7,015,807</u>	<u>\$1,388,128</u>	<u>\$ 37,729</u>	<u>\$ 297,443</u>	<u>\$ 3,433,226</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 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 \$11,837 and the bank balance was \$11,696. All of the bank balance was insured.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CASH AND INVESTMENTS

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.

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	342 days	\$ 8,879,816
Total		<u>\$ 8,879,816</u>

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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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:

	General Fund	Food Service Fund	Debt Service Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$	\$ 19,263	\$ 349,460	\$ 1,036,303
Due from state government	7,189,764			221,311
Due from other districts				15,090
Net due from governmental entities	<u>\$ 7,189,764</u>	<u>\$ 19,263</u>	<u>\$ 349,460</u>	<u>\$ 1,272,704</u>

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,766,568	\$	\$	\$ 6,766,568
Construction in progress	276,533	9,642,692		9,919,225
Total capital assets, not being depreciated	<u>7,043,101</u>	<u>9,642,692</u>		<u>16,685,793</u>
Capital assets, being depreciated:				
Land improvements	1,140,102	49,135		1,189,237
Buildings and improvements	72,790,783	217,049		73,007,832
Vehicles, furniture and equipment	6,955,615	1,011,650	152,322	7,814,943
Total capital assets being depreciated	<u>80,886,500</u>	<u>1,277,834</u>	<u>152,322</u>	<u>82,012,012</u>
Less accumulated depreciation for:				
Land improvements	(809,004)	(37,597)		(846,601)
Buildings and improvements	(15,629,806)	(1,783,768)		(17,413,574)
Vehicles, furniture and equipment	(3,870,860)	(532,917)	(152,322)	(4,251,455)
Total accumulated depreciation	<u>(20,309,670)</u>	<u>(2,354,282)</u>	<u>(152,322)</u>	<u>(22,511,630)</u>
Total capital assets, being depreciated, net	<u>60,576,830</u>	<u>(1,076,448)</u>		<u>59,500,382</u>
Governmental activities capital assets, net	<u>\$ 67,619,931</u>	<u>\$ 8,566,244</u>	<u>\$</u>	<u>\$ 76,186,175</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,671,008
Support services – students and staff	44,978
Support services – administration	259,414
Operation and maintenance of plant services	132,845
Student transportation services	201,732
Operation of non-instructional services	44,305
Total depreciation expense – governmental activities	<u>\$ 2,354,282</u>

Construction Commitments – At year end, the District had contractual commitments related to new school construction. At year end, the District had spent \$9.9 million on the projects and had estimated remaining contractual commitments of \$832,830. These projects are being funded with monies from the Unrestricted Capital and Bond Building Funds.

NOTE 7 – SHORT TERM DEBT – 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. General Fund revenues will be used to repay the line of credit. Short-term debt activity for the current fiscal year, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	<u>\$ 1,399,000</u>	<u>\$ 10,672,000</u>	<u>\$ 11,868,000</u>	<u>\$ 203,000</u>

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired energy upgrades under the provision of a long-term lease agreement classified as a capital lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund are used to pay the capital lease obligation. The District receives a federal interest subsidy to fund the interest payments for the District-wide energy project. Amortization of assets recorded under capital leases is included with depreciation expense.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The assets acquired through capital leases that meet the District's capitalization threshold are as follows:

	Governmental Activities
Asset:	
Building improvements	\$ 993,716
Less: Accumulated depreciation	306,396
Total	<u>\$ 687,320</u>

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows:

Year Ending June 30:	Governmental Activities
2017	\$ 136,916
2018	136,917
2019	136,917
2020	136,916
Total minimum lease payments	<u>547,666</u>
Less: amount representing interest	<u>84,989</u>
Present value of minimum lease payments	<u>462,677</u>
Due within one year	<u>\$ 102,727</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$2,390,000 million remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. In addition, a portion of the District's school improvements bonds are Qualified Build America Bonds (BABS). The District receives a direct subsidy payment from the United States of America for a portion of the interest payment due on the bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2016	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2006, Series B (2007)	\$ 7,830,000	4.00%	7/1/16-20	\$ 4,380,000	\$ 810,000
School Improvement Bonds, Project of 2009 Series A-1 (2010)	4,600,000	6.623%	7/1/18-27	4,600,000	
School Improvement Bonds, Project of 2009 Series A-2 (2010)	3,000,000	3.0-4.0%	7/1/16-17	1,415,000	690,000
School Improvement Bonds, Project of 2014, Series A (2015)	11,860,000	2.0-4.0%	7/1/16-32	11,860,000	25,000
Total				<u>22,255,000</u>	<u>\$1,525,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2017	\$ 1,525,000	\$ 925,646
2018	1,590,000	867,471
2019	1,575,000	804,644
2020	1,645,000	733,559
2021	1,720,000	659,747
2022-26	6,470,000	2,392,205
2027-31	5,845,000	915,194
2032-33	1,885,000	71,344
Total	<u>\$ 22,255,000</u>	<u>\$ 7,369,810</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 23,705,000	\$	\$ 1,450,000	\$ 22,255,000	\$ 1,525,000
Premium	502,657		52,819	449,838	
Total bonds payable	24,207,657		1,502,819	22,704,838	1,525,000
Obligations under capital leases	557,823		95,146	462,677	102,727
Net pension liability	36,326,109	2,523,816		38,849,925	
Compensated absences payable	838,076	492,287	393,304	937,059	38,000
Governmental activity long-term liabilities	<u>\$ 61,929,665</u>	<u>\$ 3,016,103</u>	<u>\$ 1,991,269</u>	<u>\$ 62,954,499</u>	<u>\$ 1,665,727</u>

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 in the Treasurer's pooled cash accounts of \$878,391. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the Food Service Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in		
	General Fund	Debt Service Fund	Total
Transfers out			
Food Service Fund	\$ 386,052	\$	\$ 386,052
Bond Building Fund		35,005	35,005
Non-Major Governmental Funds	48,993		48,993
Total	<u>\$ 435,045</u>	<u>\$ 35,005</u>	<u>\$ 470,050</u>

Transfers between funds were used to 1) move investment income earned in the Bond Building Fund, that are required by statute to be expended in the Debt Service Fund and 2) to move federal grant funds restricted for indirect costs.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 – CONTINGENT LIABILITIES

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

Lease-to-Own Agreement – The Arizona School Facilities Board (SFB) entered into a lease in January 2003 to finance costs of the District's new school facilities pursuant to A.R.S. 15-2004, 15-2005 and 15-2006. The SFB is required to make all lease payments, however if the SFB does not make the lease payments, the District has the option to make payments on behalf of the SFB to ensure the facilities do not revert back to the lessor.

NOTE 13 – RISK MANAGEMENT

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

The District's employees have health and accident insurance coverage with the Valley Schools Employee Benefit Trust (VSEBT). 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 a monthly premium equivalent to VSEBT for employees' 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.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – RISK MANAGEMENT

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

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 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 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2016 were \$2,415,937.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 for retirement and 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

		Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
	2016	\$ 111,334	\$ 26,720
	2015	136,082	27,678
	2014	132,706	53,082

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Liability. At June 30, 2016, the District reported a liability of \$38.8 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.25 percent, which is consistent with prior year's proportion measured as of June 30, 2014.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the District recognized pension expense of \$3,169,319 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,060,130	\$ 2,035,775
Net difference between projected and actual earnings on pension plan investments		1,245,054
Changes in proportion and differences between contributions and proportionate share of contributions	1,566,668	
Contributions subsequent to the measurement date	2,415,937	
Total	<u>\$ 5,042,735</u>	<u>\$ 3,280,829</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2017	\$ 240,826
2018	(934,345)
2019	(859,285)
2020	898,773

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. 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, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	6.79%
Fixed income	25%	3.70
Real estate	10%	4.25
Multi-asset	5%	3.41
Commodities	2%	3.93
Total	<u>100%</u>	

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 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:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$50,906,678	\$ 38,849,925	\$30,587,098

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

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REQUIRED SUPPLEMENTARY INFORMATION

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 2,071,922	\$ 2,071,922
Property taxes			7,310,468	7,310,468
State aid and grants			20,004,314	20,004,314
Total revenues			<u>29,386,704</u>	<u>29,386,704</u>
Expenditures:				
Current -				
Instruction	17,622,484	17,953,387	16,525,961	1,427,426
Support services - students and staff	3,896,146	4,406,442	4,300,763	105,679
Support services - administration	3,635,352	3,858,483	3,719,956	138,527
Operation and maintenance of plant services	3,161,558	3,204,574	3,020,771	183,803
Student transportation services	1,226,358	1,267,062	1,179,973	87,089
Operation of non-instructional services	34,850	45,390	63,318	(17,928)
Total expenditures	<u>29,576,748</u>	<u>30,735,338</u>	<u>28,810,742</u>	<u>1,924,596</u>
Changes in fund balances	<u>(29,576,748)</u>	<u>(30,735,338)</u>	<u>575,962</u>	<u>31,311,300</u>
Fund balances, beginning of year			1,760,667	1,760,667
Increase (decrease) in reserve for prepaid items			310,000	310,000
Fund balances (deficits), end of year	<u>\$ (29,576,748)</u>	<u>\$ (30,735,338)</u>	<u>\$ 2,646,629</u>	<u>\$ 33,381,967</u>

See accompanying notes to this schedule.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOOD SERVICE
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other local	\$	\$	\$ 344,697	\$ 344,697
Federal aid, grants and reimbursements			3,825,325	3,825,325
Total revenues			<u>4,170,022</u>	<u>4,170,022</u>
Expenditures:				
Current -				
Operation and maintenance of plant services			7,818	(7,818)
Operation of non-instructional services	2,901,384	3,816,213	3,464,261	351,952
Capital outlay	682,419	897,590	776,172	121,418
Total expenditures	<u>3,583,803</u>	<u>4,713,803</u>	<u>4,248,251</u>	<u>465,552</u>
Excess (deficiency) of revenues over expenditures	<u>(3,583,803)</u>	<u>(4,713,803)</u>	<u>(78,229)</u>	<u>4,635,574</u>
Other financing sources (uses):				
Transfers out			(386,052)	(386,052)
Total other financing sources (uses):			<u>(386,052)</u>	<u>(386,052)</u>
Changes in fund balances	<u>(3,583,803)</u>	<u>(4,713,803)</u>	<u>(464,281)</u>	<u>4,249,522</u>
Fund balances, beginning of year			1,852,409	1,852,409
Fund balances (deficits), end of year	<u>\$ (3,583,803)</u>	<u>\$ (4,713,803)</u>	<u>\$ 1,388,128</u>	<u>\$ 6,101,931</u>

See accompanying notes to this schedule.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.25%	0.25%
District's proportionate share of the net pension liability (asset)	\$ 38,849,925	\$ 36,326,109
District's covered payroll	\$ 23,064,702	\$ 22,117,589
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	168.44%	164.24%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,415,937	\$ 2,511,746
Contributions in relation to the actuarially determined contribution	<u>2,415,937</u>	<u>2,511,746</u>
Contribution deficiency (excess)	<u><u>\$</u></u>	<u><u>\$</u></u>
District's covered payroll	\$ 22,266,700	\$ 23,064,702
Contributions as a percentage of covered payroll	10.85%	10.89%

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

See accompanying notes to this schedule.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

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.

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$ 31,675,654	\$ 7,015,807
Activity budgeted as special revenue funds	(989,650)	(2,654,179)
Activity budgeted as capital projects funds	(1,985,262)	(1,714,999)
Current-year prepaid items	310,000	
Prior year prepaid items	(200,000)	
Schedule of Revenues, Expenditures and Changes in		
Fund Balances – Budget and Actual – General Fund	<u>\$ 28,810,742</u>	<u>\$ 2,646,629</u>

NOTE 2 – PENSION PLAN SCHEDULES

Change in Accounting Principle. For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

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, 2014, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. 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, 2014, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

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GOVERNMENTAL FUNDS

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,847,944	\$ 536,572	\$ 3,384,516
Property taxes receivable		68,669	68,669
Accounts receivable	3,238		3,238
Due from governmental entities	1,272,704		1,272,704
Total assets	<u><u>\$ 4,123,886</u></u>	<u><u>\$ 605,241</u></u>	<u><u>\$ 4,729,127</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 161,046	\$	\$ 161,046
Due to other funds	878,391		878,391
Accrued payroll and employee benefits	33,646		33,646
Unearned revenues	156,116		156,116
Total liabilities	<u>1,229,199</u>		<u>1,229,199</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		66,702	66,702
Fund balances:			
Restricted	2,894,687	538,539	3,433,226
Total fund balances	<u>2,894,687</u>	<u>538,539</u>	<u>3,433,226</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 4,123,886</u></u>	<u><u>\$ 605,241</u></u>	<u><u>\$ 4,729,127</u></u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 379,866	\$ 110,752	\$ 490,618
Property taxes		724,653	724,653
State aid and grants	2,210,244		2,210,244
Federal aid, grants and reimbursements	3,073,068		3,073,068
Total revenues	<u>5,663,178</u>	<u>835,405</u>	<u>6,498,583</u>
Expenditures:			
Current -			
Instruction	3,207,120		3,207,120
Support services - students and staff	1,461,185		1,461,185
Support services - administration	342,050		342,050
Operation and maintenance of plant services	144,628		144,628
Student transportation services	66,312		66,312
Capital outlay	174,603	476,518	651,121
Total expenditures	<u>5,395,898</u>	<u>476,518</u>	<u>5,872,416</u>
Excess (deficiency) of revenues over expenditures	<u>267,280</u>	<u>358,887</u>	<u>626,167</u>
Other financing sources (uses):			
Transfers out	(48,993)		(48,993)
Total other financing sources (uses):	<u>(48,993)</u>		<u>(48,993)</u>
Changes in fund balances	<u>218,287</u>	<u>358,887</u>	<u>577,174</u>
Fund balances, beginning of year	2,676,400	179,652	2,856,052
Fund balances, end of year	<u>\$ 2,894,687</u>	<u>\$ 538,539</u>	<u>\$ 3,433,226</u>

SPECIAL REVENUE FUNDS

Classroom Site - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

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

County, City and Town Grants - to account for monies received from county, city and town grants.

Student Success - to account for student success monies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

School Opening - to account for monies transferred in from the Maintenance and Operation Fund to be expended for maintenance and operation purposes incurred in the first year of operation of a new school within the District.

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

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

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

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

Insurance Refund - to account for insurance premium payments that are refunded to the District.

Advertisement - to account for monies received from the sale of advertising.

Intergovernmental Agreements - to account for the financial activities relating to agreements with other governments not required to be accounted for elsewhere.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,635,509	\$ 315,133	\$ 2,363
Accounts receivable			
Due from governmental entities	164,593	56,718	
Total assets	<u><u>\$ 1,800,102</u></u>	<u><u>\$ 371,851</u></u>	<u><u>\$ 2,363</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 33,940	\$
Due to other funds			
Accrued payroll and employee benefits	1,197		
Unearned revenues			
Total liabilities	<u>1,197</u>	<u>33,940</u>	
Fund balances:			
Restricted	1,798,905	337,911	2,363
Total fund balances	<u>1,798,905</u>	<u>337,911</u>	<u>2,363</u>
Total liabilities and fund balances	<u><u>\$ 1,800,102</u></u>	<u><u>\$ 371,851</u></u>	<u><u>\$ 2,363</u></u>

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>
\$	\$	\$	\$	\$ 47,760	\$
551,598	43,042	26,466	210,044	69,380	135,773
<u>\$ 551,598</u>	<u>\$ 43,042</u>	<u>\$ 26,466</u>	<u>\$ 210,044</u>	<u>\$ 117,140</u>	<u>\$ 135,773</u>
\$ 76,113	\$	\$	\$	\$ 34,960	\$ 4,724
473,336	43,042	26,466	210,044		125,503
2,149				20,158	5,546
<u>551,598</u>	<u>43,042</u>	<u>26,466</u>	<u>210,044</u>	<u>55,118</u>	<u>135,773</u>
				62,022	
				62,022	
<u>\$ 551,598</u>	<u>\$ 43,042</u>	<u>\$ 26,466</u>	<u>\$ 210,044</u>	<u>\$ 117,140</u>	<u>\$ 135,773</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Other State Projects</u>	<u>Civic Center</u>	<u>Community School</u>
<u>ASSETS</u>			
Cash and investments	\$ 156,116	\$ 350,318	\$ 121,359
Accounts receivable		3,238	
Due from governmental entities			
Total assets	<u><u>\$ 156,116</u></u>	<u><u>\$ 353,556</u></u>	<u><u>\$ 121,359</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits		2,224	
Unearned revenues	156,116		
Total liabilities	<u><u>156,116</u></u>	<u><u>2,224</u></u>	
Fund balances:			
Restricted		351,332	121,359
Total fund balances		<u><u>351,332</u></u>	<u><u>121,359</u></u>
Total liabilities and fund balances	<u><u>\$ 156,116</u></u>	<u><u>\$ 353,556</u></u>	<u><u>\$ 121,359</u></u>

Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Insurance Refund	Intergovernment al Agreements	Totals
\$ 91,989	\$ 132	\$ 17,153	\$ 15,154	\$ 94,958	\$ 2,847,944
					3,238
				15,090	1,272,704
<u>\$ 91,989</u>	<u>\$ 132</u>	<u>\$ 17,153</u>	<u>\$ 15,154</u>	<u>\$ 110,048</u>	<u>\$ 4,123,886</u>
\$	\$	\$	\$	\$ 11,309	\$ 161,046
					878,391
				2,372	33,646
					156,116
				13,681	1,229,199
91,989	132	17,153	15,154	96,367	2,894,687
<u>91,989</u>	<u>132</u>	<u>17,153</u>	<u>15,154</u>	<u>96,367</u>	<u>2,894,687</u>
<u>\$ 91,989</u>	<u>\$ 132</u>	<u>\$ 17,153</u>	<u>\$ 15,154</u>	<u>\$ 110,048</u>	<u>\$ 4,123,886</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 7,663	\$ 28,702	\$ 7
State aid and grants	1,975,112	221,629	
Federal aid, grants and reimbursements			
Total revenues	<u>1,982,775</u>	<u>250,331</u>	<u>7</u>
Expenditures:			
Current -			
Instruction	1,672,950	14,679	
Support services - students and staff	120,081	216,985	
Support services - administration		3,891	
Operation and maintenance of plant services			
Student transportation services			
Capital outlay		6,291	881
Total expenditures	<u>1,793,031</u>	<u>241,846</u>	<u>881</u>
Excess (deficiency) of revenues over expenditures	<u>189,744</u>	<u>8,485</u>	<u>(874)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>189,744</u>	<u>8,485</u>	<u>(874)</u>
Fund balances, beginning of year	1,609,161	329,426	3,237
Fund balances, end of year	<u>\$ 1,798,905</u>	<u>\$ 337,911</u>	<u>\$ 2,363</u>

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>
\$	\$	\$	\$	\$ 214	\$
1,200,400	101,625	103,941	689,673	145,202	828,015
<u>1,200,400</u>	<u>101,625</u>	<u>103,941</u>	<u>689,673</u>	<u>145,416</u>	<u>828,015</u>
449,791		27,450	461,284	35,138	473,469
592,044	67,643	74,404	88,320	63,935	229,518
88,363	33,982	2,035	12,405	45,421	119,077
6,845			49,759	1,937	
63,357			28,964	66,843	5,951
<u>1,200,400</u>	<u>101,625</u>	<u>103,889</u>	<u>640,732</u>	<u>213,274</u>	<u>828,015</u>
		52	48,941	(67,858)	
		(52)	(48,941)		
		(52)	(48,941)		
				(67,858)	
				129,880	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 62,022</u>	<u>\$</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Other State Projects	Civic Center	Community School
Revenues:			
Other local	\$	\$ 151,191	\$ 10,904
State aid and grants	13,503		
Federal aid, grants and reimbursements			
Total revenues	<u>13,503</u>	<u>151,191</u>	<u>10,904</u>
Expenditures:			
Current -			
Instruction	13,503	840	12,045
Support services - students and staff		3,462	
Support services - administration		13,137	
Operation and maintenance of plant services		77,456	
Student transportation services		249	
Capital outlay		2,316	
Total expenditures	<u>13,503</u>	<u>97,460</u>	<u>12,045</u>
Excess (deficiency) of revenues over expenditures		<u>53,731</u>	<u>(1,141)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		<u>53,731</u>	<u>(1,141)</u>
Fund balances, beginning of year		297,601	122,500
Fund balances, end of year	<u>\$</u>	<u>\$ 351,332</u>	<u>\$ 121,359</u>

Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Insurance Refund	Intergovernment al Agreements	Totals
\$ 39,308	\$ 353	\$ 1,175	\$ 66	\$ 140,283	\$ 379,866
				4,212	2,210,244
39,308	353	1,175	66	144,495	3,073,068
					5,663,178
18,741		359		26,871	3,207,120
		4,793			1,461,185
	520			23,219	342,050
				67,172	144,628
7,522					66,312
					174,603
26,263	520	5,152		117,262	5,395,898
13,045	(167)	(3,977)	66	27,233	267,280
					(48,993)
					(48,993)
13,045	(167)	(3,977)	66	27,233	218,287
78,944	299	21,130	15,088	69,134	2,676,400
\$ 91,989	\$ 132	\$ 17,153	\$ 15,154	\$ 96,367	\$ 2,894,687

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 7,663	\$ 7,663
State aid and grants		1,975,112	1,975,112
Federal aid, grants and reimbursements			
Total revenues		<u>1,982,775</u>	<u>1,982,775</u>
Expenditures:			
Current -			
Instruction	3,508,850	1,672,950	1,835,900
Support services - students and staff	155,969	120,081	35,888
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
Total expenditures	<u>3,664,819</u>	<u>1,793,031</u>	<u>1,871,788</u>
Excess (deficiency) of revenues over expenditures	<u>(3,664,819)</u>	<u>189,744</u>	<u>3,854,563</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(3,664,819)</u>	<u>189,744</u>	<u>3,854,563</u>
Fund balances, beginning of year		1,609,161	1,609,161
Fund balances (deficits), end of year	<u>\$ (3,664,819)</u>	<u>\$ 1,798,905</u>	<u>\$ 5,463,724</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 28,702 221,629	\$ 28,702 221,629	\$	\$ 7	\$ 7
	250,331	250,331		7	7
327,750	14,679 216,985 3,891	(14,679) 110,765 (3,891)			
	6,291	(6,291)	2,653	881	1,772
327,750	241,846	85,904	2,653	881	1,772
(327,750)	8,485	336,235	(2,653)	(874)	1,779
(327,750)	8,485	336,235	(2,653)	(874)	1,779
	329,426	329,426		3,237	3,237
\$ (327,750)	\$ 337,911	\$ 665,661	\$ (2,653)	\$ 2,363	\$ 5,016

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Student Success		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	57,600	39,039	18,561
Support services - students and staff		5,384	(5,384)
Support services - administration		1,170	(1,170)
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
Total expenditures	57,600	45,593	12,007
Excess (deficiency) of revenues over expenditures	(57,600)	(45,593)	12,007
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(57,600)	(45,593)	12,007
Fund balances, beginning of year		45,593	45,593
Fund balances (deficits), end of year	\$ (57,600)	\$	\$ 57,600

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,200,400	1,200,400		101,625	101,625
	1,200,400	1,200,400		101,625	101,625
645,146	449,791	195,355			
849,184	592,044	257,140	110,718	67,643	43,075
	88,363	(88,363)	55,621	33,982	21,639
	6,845	(6,845)			
	63,357	(63,357)			
1,494,330	1,200,400	293,930	166,339	101,625	64,714
(1,494,330)		1,494,330	(166,339)		166,339
(1,494,330)		1,494,330	(166,339)		166,339
\$ (1,494,330)	\$	\$ 1,494,330	\$ (166,339)	\$	\$ 166,339

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Limited English & Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		103,941	103,941
Total revenues		<u>103,941</u>	<u>103,941</u>
Expenditures:			
Current -			
Instruction	44,051	27,450	16,601
Support services - students and staff	119,400	74,404	44,996
Support services - administration		2,035	(2,035)
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
Total expenditures	<u>163,451</u>	<u>103,889</u>	<u>59,562</u>
Excess (deficiency) of revenues over expenditures	<u>(163,451)</u>	<u>52</u>	<u>163,503</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(52)	(52)
Total other financing sources (uses):		<u>(52)</u>	<u>(52)</u>
Changes in fund balances	<u>(163,451)</u>		<u>163,451</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (163,451)</u>	<u>\$</u>	<u>\$ 163,451</u>

Special Education Grants			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 3,388	\$ 3,388
	689,673	689,673		268,552	268,552
	689,673	689,673		271,940	271,940
846,977	461,284	385,693	418,387	142,976	275,411
	88,320	(88,320)		30,940	(30,940)
	12,405	(12,405)	280,563	95,877	184,686
				1,154	(1,154)
	49,759	(49,759)		6,588	(6,588)
	28,964	(28,964)		9,141	(9,141)
846,977	640,732	206,245	698,950	286,676	412,274
(846,977)	48,941	895,918	(698,950)	(14,736)	684,214
	(48,941)	(48,941)			
	(48,941)	(48,941)			
(846,977)		846,977	(698,950)	(14,736)	684,214
				1,248,610	1,248,610
\$ (846,977)	\$	\$ 846,977	\$ (698,950)	\$ 1,233,874	\$ 1,932,824

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	E-Rate		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$	\$ 214	\$ 214
State aid and grants			
Federal aid, grants and reimbursements		145,202	145,202
Total revenues		<u>145,416</u>	<u>145,416</u>
Expenditures:			
Current -			
Instruction	36,562	35,138	1,424
Support services - students and staff	66,527	63,935	2,592
Support services - administration	47,263	45,421	1,842
Operation and maintenance of plant services			
Student transportation services		1,937	(1,937)
Capital outlay	33,176	66,843	(33,667)
Total expenditures	<u>183,528</u>	<u>213,274</u>	<u>(29,746)</u>
Excess (deficiency) of revenues over expenditures	<u>(183,528)</u>	<u>(67,858)</u>	<u>115,670</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(183,528)</u>	<u>(67,858)</u>	<u>115,670</u>
Fund balances, beginning of year		129,880	129,880
Fund balances (deficits), end of year	<u>\$ (183,528)</u>	<u>\$ 62,022</u>	<u>\$ 245,550</u>

Other Federal Projects			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	828,015	828,015		13,503	13,503
	828,015	828,015		13,503	13,503
451,025	473,469	(22,444)	147,760	13,503	134,257
218,638	229,518	(10,880)			
	119,077	(119,077)			
	5,951	(5,951)			
669,663	828,015	(158,352)	147,760	13,503	134,257
(669,663)		669,663	(147,760)		147,760
(669,663)		669,663	(147,760)		147,760
\$ (669,663)	\$	\$ 669,663	\$ (147,760)	\$	\$ 147,760

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	School Plant		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 20,553	\$ 20,553
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		20,553	20,553
Expenditures:			
Current -			
Instruction	80,000	48,692	31,308
Support services - students and staff		405	(405)
Support services - administration			
Operation and maintenance of plant services		7,307	(7,307)
Student transportation services			
Capital outlay		1,450	(1,450)
Total expenditures	80,000	57,854	22,146
Excess (deficiency) of revenues over expenditures	(80,000)	(37,301)	42,699
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(80,000)	(37,301)	42,699
Fund balances, beginning of year		208,765	208,765
Fund balances (deficits), end of year	\$ (80,000)	\$ 171,464	\$ 251,464

Civic Center			Community School		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 151,191	\$ 151,191	\$	\$ 10,904	\$ 10,904
	<u>151,191</u>	<u>151,191</u>		<u>10,904</u>	<u>10,904</u>
	840	(840)	130,697	12,045	118,652
	3,462	(3,462)			
	13,137	(13,137)			
223,816	77,456	146,360			
	249	(249)			
	2,316	(2,316)			
<u>223,816</u>	<u>97,460</u>	<u>126,356</u>	<u>130,697</u>	<u>12,045</u>	<u>118,652</u>
<u>(223,816)</u>	<u>53,731</u>	<u>277,547</u>	<u>(130,697)</u>	<u>(1,141)</u>	<u>129,556</u>
<u>(223,816)</u>	<u>53,731</u>	<u>277,547</u>	<u>(130,697)</u>	<u>(1,141)</u>	<u>129,556</u>
	297,601	297,601		122,500	122,500
<u>\$ (223,816)</u>	<u>\$ 351,332</u>	<u>\$ 575,148</u>	<u>\$ (130,697)</u>	<u>\$ 121,359</u>	<u>\$ 252,056</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Auxiliary Operations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 98,722	\$ 98,722
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>98,722</u>	<u>98,722</u>
Expenditures:			
Current -			
Instruction	222,230	50,515	171,715
Support services - students and staff		2,578	(2,578)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		15,065	(15,065)
Capital outlay			
Total expenditures	<u>222,230</u>	<u>68,158</u>	<u>154,072</u>
Excess (deficiency) of revenues over expenditures	<u>(222,230)</u>	<u>30,564</u>	<u>252,794</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(222,230)</u>	<u>30,564</u>	<u>252,794</u>
Fund balances, beginning of year		163,080	163,080
Fund balances (deficits), end of year	<u>\$ (222,230)</u>	<u>\$ 193,644</u>	<u>\$ 415,874</u>

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 39,308	\$ 39,308	\$	\$ 51,757	\$ 51,757
	39,308	39,308		51,757	51,757
111,889	18,741	93,148	68,273	10,968	57,305
				2,457	(2,457)
				5,148	(5,148)
	7,522	(7,522)	63,031	10,126	52,905
				793	(793)
111,889	26,263	85,626	131,304	29,492	101,812
(111,889)	13,045	124,934	(131,304)	22,265	153,569
(111,889)	13,045	124,934	(131,304)	22,265	153,569
	78,944	78,944		91,482	91,482
\$ (111,889)	\$ 91,989	\$ 203,878	\$ (131,304)	\$ 113,747	\$ 245,051

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 353	\$ 353
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>353</u>	<u>353</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	6,000	520	5,480
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
Total expenditures	<u>6,000</u>	<u>520</u>	<u>5,480</u>
Excess (deficiency) of revenues over expenditures	<u>(6,000)</u>	<u>(167)</u>	<u>5,833</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(6,000)</u>	<u>(167)</u>	<u>5,833</u>
Fund balances, beginning of year		299	299
Fund balances (deficits), end of year	<u>\$ (6,000)</u>	<u>\$ 132</u>	<u>\$ 6,132</u>

School Opening			Insurance Proceeds		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 13	\$ 13	\$	\$ 10,422	\$ 10,422
	13	13		10,422	10,422
			8,739	7,336	1,403
			8,739	7,336	1,403
	13	13	(8,739)	3,086	11,825
	13	13	(8,739)	3,086	11,825
	2,966	2,966		3,668	3,668
\$	\$ 2,979	\$ 2,979	\$ (8,739)	\$ 6,754	\$ 15,493

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Textbooks		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,175	\$ 1,175
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>1,175</u>	<u>1,175</u>
Expenditures:			
Current -			
Instruction		359	(359)
Support services - students and staff	20,707	4,793	15,914
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
Total expenditures	<u>20,707</u>	<u>5,152</u>	<u>15,555</u>
Excess (deficiency) of revenues over expenditures	<u>(20,707)</u>	<u>(3,977)</u>	<u>16,730</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(20,707)</u>	<u>(3,977)</u>	<u>16,730</u>
Fund balances, beginning of year		21,130	21,130
Fund balances (deficits), end of year	<u>\$ (20,707)</u>	<u>\$ 17,153</u>	<u>\$ 37,860</u>

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,506	\$ 2,506	\$	\$ 2,432	\$ 2,432
	2,506	2,506		2,432	2,432
30,000		30,000		9,616	(9,616)
			260,396	148,556	111,840
			589,604	336,369	253,235
30,000		30,000	850,000	494,541	355,459
(30,000)	2,506	32,506	(850,000)	(492,109)	357,891
				435,045	435,045
				435,045	435,045
(30,000)	2,506	32,506	(850,000)	(57,064)	792,936
	53,133	53,133		932,243	932,243
\$ (30,000)	\$ 55,639	\$ 85,639	\$ (850,000)	\$ 875,179	\$ 1,725,179

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Insurance Refund		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 66	\$ 66
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>66</u>	<u>66</u>
Expenditures:			
Current -			
Instruction	10,000		10,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
Total expenditures	<u>10,000</u>		<u>10,000</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>66</u>	<u>10,066</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(10,000)</u>	<u>66</u>	<u>10,066</u>
Fund balances, beginning of year		15,088	15,088
Fund balances (deficits), end of year	<u>\$ (10,000)</u>	<u>\$ 15,154</u>	<u>\$ 25,154</u>

Advertisement			Intergovernmental Agreements		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 4	\$ 4	\$	\$ 140,283	\$ 140,283
				4,212	4,212
	4	4		144,495	144,495
				26,871	(26,871)
			115,576	23,219	(23,219)
				67,172	48,404
			115,576	117,262	(1,686)
	4	4	(115,576)	27,233	142,809
	4	4	(115,576)	27,233	142,809
	895	895		69,134	69,134
\$	\$ 899	\$ 899	\$ (115,576)	\$ 96,367	\$ 211,943

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 569,663	\$ 569,663
State aid and grants		2,210,244	2,210,244
Federal aid, grants and reimbursements		3,341,620	3,341,620
Total revenues		<u>6,121,527</u>	<u>6,121,527</u>
Expenditures:			
Current -			
Instruction	6,809,447	3,508,926	3,300,521
Support services - students and staff	2,129,289	1,651,505	477,784
Support services - administration	979,051	780,614	198,437
Operation and maintenance of plant services	339,392	153,089	186,303
Student transportation services	63,031	98,091	(35,060)
Capital outlay	44,568	193,323	(148,755)
Total expenditures	<u>10,364,778</u>	<u>6,385,548</u>	<u>3,979,230</u>
Excess (deficiency) of revenues over expenditures	<u>(10,364,778)</u>	<u>(264,021)</u>	<u>10,100,757</u>
Other financing sources (uses):			
Transfers in		435,045	435,045
Transfers out		(48,993)	(48,993)
Total other financing sources (uses):		<u>386,052</u>	<u>386,052</u>
Changes in fund balances	<u>(10,364,778)</u>	<u>122,031</u>	<u>10,486,809</u>
Fund balances, beginning of year		5,426,835	5,426,835
Fund balances (deficits), end of year	<u>\$ (10,364,778)</u>	<u>\$ 5,548,866</u>	<u>\$ 15,913,644</u>

DEBT SERVICE FUND

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Debt Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 11,619	\$ 11,619
Property taxes		1,992,673	1,992,673
Total revenues		2,004,292	2,004,292
Expenditures:			
Debt service -			
Principal retirement	1,525,000	1,525,000	
Interest and fiscal charges	2,713,950	974,974	1,738,976
Total expenditures	4,238,950	2,499,974	1,738,976
Excess (deficiency) of revenues over expenditures	(4,238,950)	(495,682)	3,743,268
Other financing sources (uses):			
Transfers in		35,005	35,005
Total other financing sources (uses):		35,005	35,005
Changes in fund balances	(4,238,950)	(460,677)	3,778,273
Fund balances, beginning of year		498,406	498,406
Fund balances (deficits), end of year	\$ (4,238,950)	\$ 37,729	\$ 4,276,679

CAPITAL PROJECTS FUNDS

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

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

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	<u>Adjacent Ways</u>	<u>Gifts and Donations - Capital</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 176,246	\$ 360,326	\$ 536,572
Property taxes receivable	68,669		68,669
Total assets	<u><u>\$ 244,915</u></u>	<u><u>\$ 360,326</u></u>	<u><u>\$ 605,241</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>\$ 66,702</u>	<u>\$</u>	<u>\$ 66,702</u>
Fund balances:			
Restricted	<u>178,213</u>	<u>360,326</u>	<u>538,539</u>
Total fund balances	<u><u>178,213</u></u>	<u><u>360,326</u></u>	<u><u>538,539</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 244,915</u></u>	<u><u>\$ 360,326</u></u>	<u><u>\$ 605,241</u></u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Adjacent Ways	Gifts and Donations - Capital	Totals
Revenues:			
Other local	\$ 695	\$ 110,057	\$ 110,752
Property taxes	724,653		724,653
Total revenues	<u>725,348</u>	<u>110,057</u>	<u>835,405</u>
Expenditures:			
Capital outlay	476,518		476,518
Total expenditures	<u>476,518</u>		<u>476,518</u>
Changes in fund balances	<u>248,830</u>	<u>110,057</u>	<u>358,887</u>
Fund balances (deficits), beginning of year	(70,617)	250,269	179,652
Fund balances, end of year	<u>\$ 178,213</u>	<u>\$ 360,326</u>	<u>\$ 538,539</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Unrestricted Capital Outlay		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 9,852	\$ 9,852
Property taxes		2,447,343	2,447,343
State aid and grants		80,926	80,926
Total revenues		<u>2,538,121</u>	<u>2,538,121</u>
Expenditures:			
Capital outlay	3,384,590	1,848,345	1,536,245
Debt service -			
Principal retirement	95,146	95,146	
Interest and fiscal charges	41,771	41,771	
Total expenditures	<u>3,521,507</u>	<u>1,985,262</u>	<u>1,536,245</u>
Excess (deficiency) of revenues over expenditures	<u>(3,521,507)</u>	<u>552,859</u>	<u>4,074,366</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(3,521,507)</u>	<u>552,859</u>	<u>4,074,366</u>
Fund balances (deficits), beginning of year		1,162,140	1,162,140
Fund balances (deficits), end of year	<u>\$ (3,521,507)</u>	<u>\$ 1,714,999</u>	<u>\$ 5,236,506</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 695 724,653	\$ 695 724,653	\$	\$ 35,005	\$ 35,005
	725,348	725,348		35,005	35,005
625,000	476,518	148,482	11,860,000	11,358,376	501,624
625,000	476,518	148,482	11,860,000	11,358,376	501,624
(625,000)	248,830	873,830	(11,860,000)	(11,323,371)	536,629
				(35,005)	(35,005)
				(35,005)	(35,005)
(625,000)	248,830	873,830	(11,860,000)	(11,358,376)	501,624
	(70,617)	(70,617)		11,655,819	11,655,819
\$ (625,000)	\$ 178,213	\$ 803,213	\$ (11,860,000)	\$ 297,443	\$ 12,157,443

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Gifts and Donations - Capital		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 110,057	\$ 110,057
Property taxes			
State aid and grants			
Total revenues		<u>110,057</u>	<u>110,057</u>
Expenditures:			
Capital outlay	325,000		325,000
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>325,000</u>		<u>325,000</u>
Excess (deficiency) of revenues over expenditures	<u>(325,000)</u>	<u>110,057</u>	<u>435,057</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(325,000)</u>	<u>110,057</u>	<u>435,057</u>
Fund balances (deficits), beginning of year		250,269	250,269
Fund balances (deficits), end of year	<u>\$ (325,000)</u>	<u>\$ 360,326</u>	<u>\$ 685,326</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 155,609	\$ 155,609
	3,171,996	3,171,996
	80,926	80,926
	3,408,531	3,408,531
16,194,590	13,683,239	2,511,351
95,146	95,146	
41,771	41,771	
16,331,507	13,820,156	2,511,351
(16,331,507)	(10,411,625)	5,919,882
	(35,005)	(35,005)
	(35,005)	(35,005)
(16,331,507)	(10,446,630)	5,884,877
	12,997,611	12,997,611
\$ (16,331,507)	\$ 2,550,981	\$ 18,882,488

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AGENCY FUND

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

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED JUNE 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash	\$ <u>47,410</u>	\$ <u>20,969</u>	\$ <u>24,577</u>	\$ <u>43,802</u>
Total assets	\$ <u><u>47,410</u></u>	\$ <u><u>20,969</u></u>	\$ <u><u>24,577</u></u>	\$ <u><u>43,802</u></u>
<u>Liabilities</u>				
Due to student groups	<u>47,410</u>	<u>20,969</u>	<u>24,577</u>	<u>43,802</u>
Total liabilities	\$ <u><u>47,410</u></u>	\$ <u><u>20,969</u></u>	\$ <u><u>24,577</u></u>	\$ <u><u>43,802</u></u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash	\$ <u>47,410</u>	\$ <u>20,969</u>	\$ <u>24,577</u>	\$ <u>43,802</u>
Total assets	\$ <u><u>47,410</u></u>	\$ <u><u>20,969</u></u>	\$ <u><u>24,577</u></u>	\$ <u><u>43,802</u></u>
<u>Liabilities</u>				
Due to student groups	<u>47,410</u>	<u>20,969</u>	<u>24,577</u>	<u>43,802</u>
Total liabilities	\$ <u><u>47,410</u></u>	\$ <u><u>20,969</u></u>	\$ <u><u>24,577</u></u>	\$ <u><u>43,802</u></u>

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Net investment in capital assets	\$ 53,316,103	\$ 54,510,270	\$ 54,642,657	\$ 54,943,512	\$ 55,256,201
Restricted	7,095,095	6,484,625	6,437,446	4,780,727	6,093,331
Unrestricted	(30,772,236)	(30,368,781)	6,445,823	5,852,856	4,972,943
Total net position	<u>\$ 29,638,962</u>	<u>\$ 30,626,114</u>	<u>\$ 67,525,926</u>	<u>\$ 65,577,095</u>	<u>\$ 66,322,475</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Position:					
Net investment in capital assets	\$ 55,214,369	\$ 51,517,384	\$ 50,763,428	\$ 52,980,118	\$ 31,355,264
Restricted	8,176,072	6,415,893	5,554,379	4,472,806	4,908,662
Unrestricted	6,165,272	8,049,268	6,508,051	9,901,890	6,942,237
Total net position	<u>\$ 69,555,713</u>	<u>\$ 65,982,545</u>	<u>\$ 62,825,858</u>	<u>\$ 67,354,814</u>	<u>\$ 43,206,163</u>

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Instruction	\$ 24,800,192	\$ 25,085,857	\$ 22,603,709	\$ 20,339,637	\$ 21,048,410
Support services - students and staff	6,576,747	6,629,917	6,344,537	5,346,160	4,722,586
Support services - administration	4,867,489	4,865,915	4,211,655	4,201,845	4,009,757
Operation and maintenance of plant services	3,555,273	3,973,182	4,016,325	3,095,103	3,070,856
Student transportation services	1,854,233	1,908,702	1,798,976	1,680,250	1,537,027
Operation of non-instructional services	3,649,787	3,781,271	3,655,958	3,139,568	3,099,530
Interest on long-term debt	963,926	601,005	822,268	780,290	856,210
Total expenses	<u>46,267,647</u>	<u>46,845,849</u>	<u>43,453,428</u>	<u>38,582,853</u>	<u>38,344,376</u>
Program Revenues					
Charges for services:					
Instruction	308,993	325,380	204,209	261,054	467,777
Operation of non-instructional services	335,439	350,253	397,405	294,392	303,192
Other activities	293,180	210,385	239,786	223,583	134,918
Operating grants and contributions	7,108,886	6,919,745	8,357,119	5,852,233	5,661,056
Capital grants and contributions	165,115	229,493	322,790	226,356	175,301
Total program revenues	<u>8,211,613</u>	<u>8,035,256</u>	<u>9,521,309</u>	<u>6,857,618</u>	<u>6,742,244</u>
Net (Expense)/Revenue	<u>\$ (38,056,034)</u>	<u>\$ (38,810,593)</u>	<u>\$ (33,932,119)</u>	<u>\$ (31,725,235)</u>	<u>\$ (31,602,132)</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Instruction	\$ 19,716,894	\$ 23,204,700	\$ 25,848,457	\$ 20,617,659	\$ 17,522,405
Support services - students and staff	4,284,328	4,351,556	4,910,946	5,167,102	2,649,334
Support services - administration	3,306,402	3,712,449	3,840,626	3,426,984	3,350,033
Operation and maintenance of plant services	3,363,703	3,532,952	3,423,325	2,916,818	2,698,604
Student transportation services	1,413,880	1,055,660	1,565,093	1,454,647	1,297,133
Operation of non-instructional services	3,095,289	2,936,076	2,780,839	2,370,675	1,827,002
Interest on long-term debt	891,287	765,864	960,599	1,237,136	110,784
Total expenses	<u>36,071,783</u>	<u>39,559,257</u>	<u>43,329,885</u>	<u>37,191,021</u>	<u>29,455,295</u>
Program Revenues					
Charges for services:					
Instruction	114,412	237,127	396,264	508,423	262,007
Operation of non-instructional services	409,644	381,389	473,378	388,098	348,301
Other activities	155,462	87,495	56,365	63,367	55,441
Operating grants and contributions	5,423,342	5,929,433	5,824,208	3,491,539	3,430,591
Capital grants and contributions	3,694,346	281,127	114,245	1,442,548	19,300
Total program revenues	<u>9,797,206</u>	<u>6,916,571</u>	<u>6,864,460</u>	<u>5,893,975</u>	<u>4,115,640</u>
Net (Expense)/Revenue	<u>\$ (26,274,577)</u>	<u>\$ (32,642,686)</u>	<u>\$ (36,465,425)</u>	<u>\$ (31,297,046)</u>	<u>\$ (25,339,655)</u>

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

(Concluded)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue	\$ (38,056,034)	\$ (38,810,593)	\$ (33,932,119)	\$ (31,725,235)	\$ (31,602,132)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	7,108,266	10,391,205	9,609,885	8,365,772	6,223,517
Property taxes, levied for debt service	1,998,249	1,934,012	1,985,130	1,187,785	3,077,036
Property taxes, levied for capital outlay	3,234,647	391,958	442,848	377,890	
Investment income	82,812	35,223	34,573	53,547	73,013
Unrestricted county aid	2,094,375	2,079,064	2,006,377	1,813,870	1,751,852
Unrestricted state aid	22,281,981	22,493,033	21,689,531	19,031,022	17,243,476
Unrestricted federal aid	268,552	179,069	112,606	149,969	
Total general revenues	<u>37,068,882</u>	<u>37,503,564</u>	<u>35,880,950</u>	<u>30,979,855</u>	<u>28,368,894</u>
Changes in Net Position	<u>\$ (987,152)</u>	<u>\$ (1,307,029)</u>	<u>\$ 1,948,831</u>	<u>\$ (745,380)</u>	<u>\$ (3,233,238)</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue	\$ (26,274,577)	\$ (32,642,686)	\$ (36,465,425)	\$ (31,297,046)	\$ (25,339,655)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	7,475,059	9,027,112	6,807,742	6,596,017	4,125,418
Property taxes, levied for debt service	2,967,448	1,598,734	2,461,356	2,311,249	1,570,615
Property taxes, levied for capital outlay	115,017	2,632,358	3,486,758	1,588,834	560,660
Investment income	188,897	244,826	428,438	512,447	558,063
Unrestricted county aid	1,746,005	1,721,324			13,655
Unrestricted state aid	17,151,308	18,144,761	18,752,175	44,437,150	22,505,121
Unrestricted federal aid	204,011	2,430,258			
Total general revenues	<u>29,847,745</u>	<u>35,799,373</u>	<u>31,936,469</u>	<u>55,445,697</u>	<u>29,333,532</u>
Changes in Net Position	<u>\$ 3,573,168</u>	<u>\$ 3,156,687</u>	<u>\$ (4,528,956)</u>	<u>\$ 24,148,651</u>	<u>\$ 3,993,877</u>

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

Notes: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

(Concluded)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$	\$	\$ 920,922	\$ 684,953	\$ 526,787
Restricted	1,714,999	1,162,140	1,308,714	1,264,153	1,379,702
Unassigned	5,300,808	4,711,102	4,062,338	3,424,126	2,735,611
Reserved					
Unreserved					
Total General Fund	<u>\$ 7,015,807</u>	<u>\$ 5,873,242</u>	<u>\$ 6,291,974</u>	<u>\$ 5,373,232</u>	<u>\$ 4,642,100</u>
All Other Governmental Funds:					
Restricted	5,156,526	16,933,303	4,916,359	5,101,835	6,706,992
Unassigned		(70,617)			
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service fund					
Total all other governmental funds	<u>\$ 5,156,526</u>	<u>\$ 16,862,686</u>	<u>\$ 4,916,359</u>	<u>\$ 5,101,835</u>	<u>\$ 6,706,992</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 465,501	\$	\$	\$	\$
Restricted	1,854,699				
Committed					
Assigned					
Unassigned	5,519,707				
Reserved		300,438	117,319	112,157	117,000
Unreserved		542,991	(1,997,016)	4,168,597	760,583
Total General Fund	<u>\$ 7,839,907</u>	<u>\$ 843,429</u>	<u>\$ (1,879,697)</u>	<u>\$ 4,280,754</u>	<u>\$ 877,583</u>
All Other Governmental Funds:					
Nonspendable	\$	\$	\$	\$	\$
Restricted	10,512,185				
Committed					
Assigned					
Unassigned					
Reserved		86,360	71,598	55,985	54,620
Unreserved, reported in:					
Special revenue funds		5,233,948	4,889,622	4,886,223	4,591,446
Capital projects funds		7,289,834	8,759,033	9,845,938	6,559,819
Debt service fund		(21,095)	975,103	819,245	2,274,383
Total all other governmental funds	<u>\$ 10,512,185</u>	<u>\$ 12,589,047</u>	<u>\$ 14,695,356</u>	<u>\$ 15,607,391</u>	<u>\$ 13,480,268</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

(Concluded)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Federal sources:					
Federal grants	\$ 3,341,620	\$ 3,308,088	\$ 4,013,021	\$ 2,676,154	\$ 2,034,522
Education Jobs					490,743
National School Lunch Program	3,825,325	4,075,811	4,172,939	3,376,771	3,214,406
Total federal sources	<u>7,166,945</u>	<u>7,383,899</u>	<u>8,185,960</u>	<u>6,052,925</u>	<u>5,739,671</u>
State sources:					
State equalization assistance	20,085,240	20,419,340	19,830,849	17,446,854	15,837,044
State grants	13,503	27,214	411,618	72,840	42,954
School Facilities Board				54,924	
Other revenues	2,196,741	2,073,693	1,858,682	1,584,168	1,406,432
Total state sources	<u>22,295,484</u>	<u>22,520,247</u>	<u>22,101,149</u>	<u>19,158,786</u>	<u>17,286,430</u>
Local sources:					
Property taxes	12,475,137	12,709,520	12,078,963	9,884,176	9,436,658
County aid	2,094,375	2,079,064	2,006,377	1,813,870	1,757,857
Food service sales	334,114	350,253	397,405	294,392	303,192
Investment income	82,812	35,223	34,573	53,547	73,013
Other revenues	642,209	581,634	484,191	532,506	696,984
Total local sources	<u>15,628,647</u>	<u>15,755,694</u>	<u>15,001,509</u>	<u>12,578,491</u>	<u>12,267,704</u>
Total revenues	<u><u>\$ 45,091,076</u></u>	<u><u>\$ 45,659,840</u></u>	<u><u>\$ 45,288,618</u></u>	<u><u>\$ 37,790,202</u></u>	<u><u>\$ 35,293,805</u></u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 2,202,140	\$ 5,661,652	\$ 3,175,703	\$ 2,848,688	\$ 1,498,316
State Fiscal Stabilization (ARRA)	204,011				
Education Jobs	386,264				
National School Lunch Program	2,905,043	2,759,932	2,245,104	1,774,565	1,802,511
Total federal sources	<u>5,697,458</u>	<u>8,421,584</u>	<u>5,420,807</u>	<u>4,623,253</u>	<u>3,300,827</u>
State sources:					
State equalization assistance	16,057,077	19,047,479	14,729,736	23,719,901	16,512,131
State grants		73,415	676,634	170,082	162,994
School Facilities Board			1,115,393	17,699,429	4,214,068
Other revenues	1,132,780	1,604,590	1,561,125	2,051,036	1,778,922
Total state sources	<u>17,189,857</u>	<u>20,725,484</u>	<u>18,082,888</u>	<u>43,640,448</u>	<u>22,668,115</u>
Local sources:					
Property taxes	10,723,581	12,883,612	12,456,705	10,333,655	6,261,219
County aid	1,786,926	1,721,324			13,655
Food service sales	320,478	324,629	407,189	359,313	320,798
Investment income	123,836	241,924	415,596	537,148	547,347
Other revenues	435,426	385,581	601,168	589,086	344,951
Total local sources	<u>13,390,247</u>	<u>15,557,070</u>	<u>13,880,658</u>	<u>11,819,202</u>	<u>7,487,970</u>
Total revenues	<u><u>\$ 36,277,562</u></u>	<u><u>\$ 44,704,138</u></u>	<u><u>\$ 37,384,353</u></u>	<u><u>\$ 60,082,903</u></u>	<u><u>\$ 33,456,912</u></u>

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

Note: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

(Concluded)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
Instruction	\$ 20,234,887	\$ 20,172,488	\$ 19,476,377	\$ 17,877,491	\$ 18,795,718
Support services - students and staff	5,952,268	6,155,479	5,960,392	5,099,526	4,506,786
Support services - administration	4,190,570	4,312,939	3,796,371	3,894,780	3,754,249
Operation and maintenance of plant services	3,181,678	3,663,224	3,749,721	2,785,540	2,811,318
Student transportation services	1,278,064	1,456,182	1,390,443	1,376,310	1,248,118
Operation of non-instructional services	3,527,579	3,692,960	3,572,384	3,081,107	3,036,608
Capital outlay	14,652,734	3,634,072	4,424,509	1,971,751	5,529,938
Debt service -					
Interest and fiscal charges	1,016,745	631,050	699,503	780,290	856,210
Principal retirement	1,620,146	1,538,125	1,721,621	1,955,598	1,819,146
Bond issuance costs		224,741			
Total expenditures	<u>\$ 55,654,671</u>	<u>\$ 45,481,260</u>	<u>\$ 44,791,321</u>	<u>\$ 38,822,393</u>	<u>\$ 42,358,091</u>
 Expenditures for capitalized assets	 \$ 10,920,526	 \$ 1,074,517	 \$ 1,888,133	 \$ 586,460	 \$ 3,795,463
 Debt service as a percentage of noncapital expenditures	 6%	 5%	 6%	 7%	 7%

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
Instruction	\$ 17,388,184	\$ 20,828,087	\$ 19,269,450	\$ 17,349,326	\$ 13,464,700
Support services - students and staff	3,963,924	4,176,708	4,638,812	4,853,517	2,549,510
Support services - administration	3,082,871	3,449,785	3,376,043	2,937,889	3,220,302
Operation and maintenance of plant services	2,776,284	3,313,758	3,183,875	2,664,132	2,334,156
Student transportation services	1,106,115	1,050,557	993,723	1,295,199	1,136,725
Operation of non-instructional services	2,966,207	2,833,818	2,690,382	2,078,561	1,728,078
Capital outlay	4,784,496	6,842,115	7,485,608	27,113,244	11,509,372
Debt service -					
Judgments against the district			13,602		
Interest and fiscal charges	771,960	765,864	960,599	1,369,761	113,291
Principal retirement	2,160,601	1,962,548	1,994,471	2,839,831	266,321
Bond issuance costs	253,511			148,622	102,200
Total expenditures	<u><u>\$ 39,254,153</u></u>	<u><u>\$ 45,223,240</u></u>	<u><u>\$ 44,606,565</u></u>	<u><u>\$ 62,650,082</u></u>	<u><u>\$ 36,424,655</u></u>
Expenditures for capitalized assets	\$ 3,203,436	\$ 5,996,816	\$ 3,864,201	\$ 23,683,707	\$ 7,966,833
Debt service as a percentage of noncapital expenditures	8%	7%	7%	11%	1%

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

(Concluded)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ (10,563,595)	\$ 178,580	\$ 497,297	\$ (1,032,191)	\$ (7,064,286)
Other financing sources (uses):					
General obligation bonds issued		11,860,000			
Premium on sale of bonds		409,937			
Capital lease agreements					
Transfers in	470,050	668,099	385,312	623,660	295,814
Transfers out	(470,050)	(668,099)	(385,312)	(623,660)	(295,814)
Total other financing sources (uses)		12,269,937			
Changes in fund balances	<u>\$ (10,563,595)</u>	<u>\$ 12,448,517</u>	<u>\$ 497,297</u>	<u>\$ (1,032,191)</u>	<u>\$ (7,064,286)</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ (2,976,591)	\$ (519,102)	\$ (7,222,212)	\$ (2,567,179)	\$ (2,967,743)
Other financing sources (uses):					
General obligation bonds issued	7,600,000			7,830,000	8,000,000
Premium on sale of bonds	134,184			130,518	104,707
Capital lease agreements		938,038	128,951	140,433	109,494
Transfers in	399,844	464,537	598,950	40,839	747,069
Transfers out	(399,844)	(464,537)	(598,950)	(40,839)	(747,069)
Total other financing sources (uses)	7,734,184	938,038	128,951	8,100,951	8,214,201
Changes in fund balances	<u>\$ 4,757,593</u>	<u>\$ 418,936</u>	<u>\$ (7,093,261)</u>	<u>\$ 5,533,772</u>	<u>\$ 5,246,458</u>

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 88,769,446	\$ 90,115,979	\$ 91,009,297	\$ 107,253,601	\$ 117,516,790
Agricultural and Vacant	13,257,222	13,568,834	15,870,849	17,831,961	22,653,450
Residential (Owner Occupied)	66,423,404	62,150,024	58,080,439	70,918,078	79,484,285
Residential (Rental)	43,486,628	40,972,735	36,060,869	31,103,815	31,952,378
Railroad, Private Cars and Airlines	707,976	751,882	674,906	629,897	519,588
Historical Property	23,155	26,820	28,598	32,414	37,136
Certain Government Property Improvements					
Total	<u>\$ 212,667,831</u>	<u>\$ 207,640,486</u>	<u>\$ 201,724,958</u>	<u>\$ 227,769,766</u>	<u>\$ 252,163,627</u>
Gross Full Cash Value	\$ 2,448,365,106	\$ 2,026,208,346	\$ 1,818,863,601	\$ 1,968,364,551	\$ 2,153,625,406
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	10%	11%	12%	12%
Total Direct Rate	5.93	5.90	5.98	4.38	3.80

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 67,029,557	\$ 117,441,892	\$ 104,583,295	\$ 83,984,179	\$ 70,004,298
Agricultural and Vacant	33,444,404	38,766,995	36,309,781	32,343,496	24,672,806
Residential (Owner Occupied)	104,331,449	145,273,311	135,754,466	102,354,277	80,647,714
Residential (Rental)	37,951,808	40,343,452	32,612,487	23,468,194	14,442,109
Railroad, Private Cars and Airlines	498,021	512,993	589,408	630,106	636,270
Total	<u>\$ 243,255,239</u>	<u>\$ 342,338,643</u>	<u>\$ 309,849,437</u>	<u>\$ 242,780,252</u>	<u>\$ 190,403,197</u>
Gross Full Cash Value	\$ 2,686,378,396	\$ 3,249,300,415	\$ 3,423,609,778	\$ 2,586,217,967	\$ 1,658,309,097
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	11%	9%	9%	11%
Total Direct Rate	3.47	3.77	3.77	3.94	3.10

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 102,727,234	\$ 92,418,862	\$ 91,848,309	\$ 108,164,053	\$ 119,117,533
Agricultural and Vacant	16,371,305	14,516,444	16,597,784	18,146,283	23,464,063
Residential (Owner Occupied)	91,097,821	69,217,449	58,127,943	70,948,949	79,542,254
Residential (Rental)	58,786,878	45,525,827	36,827,465	31,109,955	31,962,749
Railroad, Private Cars and Airlines	721,525	758,920	681,266	641,785	579,194
Historical Property	92,620	101,916	111,531	129,655	
Total	<u>\$ 269,797,383</u>	<u>\$ 222,598,992</u>	<u>\$ 204,194,298</u>	<u>\$ 229,140,680</u>	<u>\$ 254,814,338</u>
Gross Full Cash Value	\$ 2,448,365,106	2,026,208,346	1,818,863,601	1,968,364,551	2,153,625,406
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	12%	12%
Total Direct Rate	5.93	5.90	5.98	4.38	3.80

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 91,867,336	\$ 74,377,964	\$ 68,170,222	\$ 60,111,223	\$ 46,337,454
Agricultural and Vacant	39,828,347	56,114,696	57,062,216	47,728,055	34,715,616
Residential (Owner Occupied)	104,686,686	150,329,796	184,544,411	139,223,287	82,367,208
Residential (Rental)	38,183,041	42,064,668	43,927,311	31,272,329	15,048,701
Railroad, Private Cars and Airlines	593,515	604,151	663,801	694,819	672,111
Total	<u>\$ 324,568,139</u>	<u>\$ 389,531,143</u>	<u>\$ 408,800,218</u>	<u>\$ 310,785,826</u>	<u>\$ 207,181,600</u>
Gross Full Cash Value	\$ 2,686,378,396	3,249,300,415	3,423,609,778	2,586,217,967	1,658,309,097
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12%	12%	12%	12%	12%
Total Direct Rate	3.47	3.77	3.77	3.94	3.10

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	19 %	19 %	20 %	20 %	20 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	16	15	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	21 %	22 %	23 %	24 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	17	18	20	21	22

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State	County	Community	Flood	Water	City of Avondale	City of Tolleson	Tolleson Union High School District No. 214			
	Equalization		College District	Control District	Conservation District				Primary	Secondary	Total
2016	0.51	1.36	1.49	0.16	0.14	1.75	3.97	4.01	2.48	3.45	5.93
2015	0.51	1.32	1.52	0.14	0.14	1.75	3.75	4.53	2.59	3.31	5.90
2014	0.51	1.28	1.53	0.14	0.14	1.81	3.76	5.49	2.42	3.55	5.98
2013	0.47	1.24	1.38	0.18	0.10	1.33	3.42	4.85	2.45	1.93	4.38
2012	0.43	1.24	1.21	0.18	0.10	1.33	2.91	4.06	1.33	2.47	3.80
2011	0.36	1.05	0.97	0.15	0.10	1.11	2.44	2.72	1.60	1.87	3.47
2010	0.33	0.99	0.88	0.14	0.10	1.11	2.51	2.10	2.51	1.26	3.77
2009		1.03	0.94	0.14	0.10	1.11	2.30	2.60	2.38	1.39	3.77
2008		1.10	0.98	0.15	0.10	1.11	2.67	2.86	2.33	1.61	3.94
2007		1.18	1.06	0.20	0.12	1.17	2.97	4.26	1.22	1.88	3.10

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

Note: There was no tax rate for state equalization prior to 2010.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Taxpayer	2016			2007	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation		Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
SVC Manufacturing, Inc	\$ 18,246,900	8.58 %		\$ 12,055,162	5.82 %
Smith's Food & Drug Ccenters, Inc	9,144,717	4.30		16,519,077	7.97
Arizona Public Service Company	7,209,439	3.39		2,713,738	1.31
Phoenix Speedway Corp	4,125,756	1.94		5,397,881	2.61
J & J Coldwater LLC	3,785,487	1.78			
Mechanic (AZ) QRD 15-41, Inc	2,977,350	1.40		3,231,451	1.56
Crystal Springs Apartments LLC	2,381,880	1.12			
AZEJM Land Holdings/Oxnard Commerceplex LLC	2,783,822	1.31			
Ashton Pointe Apartments, L.P.	2,296,813	1.08			
D.H. Ventures, LLC	2,169,212	1.02			
Continental Pet Technologies				4,735,172	2.29
No Bull LLC				2,706,847	1.31
CP Reprop Phoenix III Corporation				2,032,061	0.98
Sara Lee Corporation				1,895,064	0.91
Ski Phoenix Development Co. LLC				1,820,335	0.88
Total	<u>\$ 55,121,375</u>	<u>25.92 %</u>		<u>\$ 53,106,787</u>	<u>25.64 %</u>

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 12,519,102	\$ 12,297,642	98.23 %	\$	\$ 12,297,642	98.23 %
2015	12,761,428	12,344,821	96.74	411,463	12,756,284	99.96
2014	12,144,131	11,777,361	96.98	364,459	12,141,820	99.98
2013	9,944,964	9,564,004	96.17	379,563	9,943,567	99.99
2012	9,610,825	9,200,259	95.73	405,051	9,605,310	99.94
2011	11,045,280	10,498,742	95.05	546,538	11,045,280	100.00
2010	13,522,874	12,513,492	92.54	1,005,259	13,518,751	99.97
2009	13,179,902	12,282,024	93.19	826,583	13,108,607	99.46
2008	10,838,782	10,396,831	95.92	441,951	10,838,782	100.00
2007	6,287,207	6,006,237	95.53	280,037	6,286,274	99.99

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

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less:	Total	Percentage of	Per Capita	Capital Leases	Total	Percentage of	Per Capita	Percentage of Personal Income	
		Amounts		Estimated				Estimated			
		Restricted for Principal		Actual Value (Full Cash Value)				Actual Value (Full Cash Value)			
2016	\$ 22,704,838	\$ 411,700	\$ 22,293,138	0.93 %	\$ 535	\$ 462,677	\$ 23,167,515	0.95 %	\$ 545	N/A %	
2015	24,207,657	498,406	23,709,251	1.19	600	557,823	24,765,480	1.22	614	0.01	
2014	13,607,765	254,616	13,353,149	0.75	314	645,948	14,253,713	0.78	329	0.01	
2013	15,365,000	314,248	15,050,752	0.78	372	727,569	16,092,569	0.82	389	0.01	
2012	17,050,000	1,428,735	15,621,265	0.79	437	803,167	17,853,167	0.83	458	0.01	
2011	19,085,000	501,830	18,583,170	7.85	561	937,313	20,022,313	8.23	589	0.01	
2010	13,390,000	1,905,000	11,485,000	3.91	446	1,062,914	14,452,914	4.22	482	0.01	
2009	14,500,000	1,110,000	13,390,000	4.68	483	182,424	14,682,424	4.74	489	0.01	
2008	15,070,000	570,000	14,500,000	6.21	502	479,187	15,549,187	6.40	518	0.01	
2007	9,270,000	10,000	9,260,000	4.87	309	588,585	9,858,585	5.18	329	0.01	

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa County Community College District	\$ 654,190,000	0.63 %	\$ 4,121,397
City of Avondale	26,515,000	34.77	9,219,266
City of Goodyear	97,790,000	0.01	9,779
City of Phoenix	2,126,137,000	0.30	6,378,411
City of Tolleson	36,486,000	28.04	10,230,674
Western Maricopa Education Center	61,418,358	1.71	1,050,254
Tolleson Union High School District No. 214	43,628,307	23.53	10,265,741
Subtotal, Overlapping Debt			<u>41,275,522</u>
Direct:			
Littleton Elementary School District No. 65			<u>23,167,515</u>
Total Direct and Overlapping Debt			<u>\$ 64,443,037</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	10.48	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,497	
As a Percentage of Net Limited Assessed Valuation	29.89	%
As a Percentage of Gross Full Cash Value	1.33	%

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

- Notes:** 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
- 2) Outstanding debt as of June 30, 2015 is presented for the overlapping governments as this is the most recent available information.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2016:

Net full cash assessed valuation	\$ 269,797,383
Debt limit (10% of assessed value)	26,979,738
Debt applicable to limit	<u>22,255,000</u>
Legal debt margin	<u><u>\$ 4,724,738</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2016:

Net full cash assessed valuation	\$ 269,797,383
Debt limit (15% of assessed value)	40,469,607
Debt applicable to limit	<u>22,255,000</u>
Legal debt margin	<u><u>\$ 18,214,607</u></u>

Fiscal Year Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 40,469,607	\$ 33,389,849	\$ 30,629,145	\$ 34,371,102	\$ 38,222,151
Total net debt applicable to limit	<u>22,255,000</u>	<u>24,207,657</u>	<u>13,607,765</u>	<u>15,365,000</u>	<u>17,050,000</u>
Legal debt margin	<u><u>\$ 18,214,607</u></u>	<u><u>\$ 9,182,192</u></u>	<u><u>\$ 17,021,380</u></u>	<u><u>\$ 19,006,102</u></u>	<u><u>\$ 21,172,151</u></u>
Total net debt applicable to the limit as a percentage of debt limit	55%	73%	44%	45%	45%

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 48,685,221	\$ 58,429,671	\$ 61,320,033	\$ 46,617,874	\$ 31,077,240
Total net debt applicable to limit	<u>19,085,000</u>	<u>13,390,000</u>	<u>14,500,000</u>	<u>15,070,000</u>	<u>9,270,000</u>
Legal debt margin	<u><u>\$ 29,600,221</u></u>	<u><u>\$ 45,039,671</u></u>	<u><u>\$ 46,820,033</u></u>	<u><u>\$ 31,547,874</u></u>	<u><u>\$ 21,807,240</u></u>
Total net debt applicable to the limit as a percentage of debt limit	39%	23%	24%	32%	30%

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

- Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.
2) Bond premium is not subject to the statutory debt limit.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate	Estimated District Population
2015	4,076,438	\$ 184,784,917	\$ 42,092	5.5 %	42,473
2014	4,008,651	168,483,421	41,222	6.9	40,358
2013	3,944,859	147,700,000	27,552	6.7	43,283
2012	3,824,058	147,374,500	38,539	9.1	41,324
2011	3,843,370	142,864,275	37,352	8.4	39,000
2010	3,817,117	142,091,618	35,319	8.5	34,000
2009	4,023,331	147,122,078	37,168	8.3	30,000
2008	3,987,942	139,665,253	36,135	4.8	30,000
2007	3,907,492	132,423,154	35,046	3.2	30,000
2006	3,792,675	120,716,738	33,178	3.5	30,000

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2005 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 and 2014, the source of the information is the Arizona Office of Employment and Population Statistics.

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Employer	2016			2007		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
State of Arizona	49,800	2.71	%	49,960	2.72	%
Wal-Mart Stores Inc.	30,634	1.67		28,245	1.54	
Banner Health Systems	24,825	1.35		19,250	1.05	
City of Phoenix	15,100	0.82		13,845	0.75	
Wells Fargo Company	13,308	0.72		11,530	0.63	
Bank of America	13,300	0.72				
Maricopa County	12,792	0.70		13,000	0.71	
Raytheon Co.	11,500	0.63				
Arizona State University	11,185	0.61		11,200	0.61	
Apollo Group Inc.	11,000	0.60				
U.S. Postal Service				11,000	0.60	
Honeywell Aerospace				10,700	0.58	
Intel Corp				10,100	0.55	
Total	193,444	10.53	%	178,830	9.74	%
Total employment	1,836,600			1,838,500		

Source: The source of this information is The Greater Phoenix Economic Council.

Note: The principal employer data is presented for Maricopa County.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of June 30					
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Supervisory					
Superintendent/principals	8	7	7	7	7
Assistant principals	6	10	11	11	10
Total supervisory	<u>14</u>	<u>17</u>	<u>18</u>	<u>18</u>	<u>17</u>
Instruction					
Teachers	293	297	289	266	280
Other professionals (instructional)	24	23	24	21	12
Aides	83	92	77	81	86
Total instruction	<u>400</u>	<u>412</u>	<u>390</u>	<u>368</u>	<u>378</u>
Support and Administration					
Managers	10	10	8	10	7
Other classified	93	114	110	102	113
Total support and administration	<u>103</u>	<u>124</u>	<u>118</u>	<u>112</u>	<u>120</u>
Total	<u><u>517</u></u>	<u><u>553</u></u>	<u><u>526</u></u>	<u><u>498</u></u>	<u><u>515</u></u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Supervisory					
Superintendent	7	7	7		
Assistant principals	10	10	10	16	18
Total supervisory	<u>17</u>	<u>17</u>	<u>17</u>	<u>16</u>	<u>18</u>
Instruction					
Teachers	282	300	311	292	230
Other professionals (instructional)	12	12	14	17	11
Aides	65	66	55	71	68
Total instruction	<u>359</u>	<u>378</u>	<u>380</u>	<u>380</u>	<u>309</u>
Support and Administration					
Managers	7	6	5	9	5
Other classified	92	95	96	99	95
Total support and administration	<u>99</u>	<u>101</u>	<u>101</u>	<u>108</u>	<u>100</u>
Total	<u>475</u>	<u>496</u>	<u>498</u>	<u>504</u>	<u>427</u>

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

(Concluded)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2016	5,165	\$ 38,365,046	\$ 7,428	(1.89) %	\$ 46,267,647	\$ 8,958	(0.35) %	293	17.6	81.0 %
2015	5,211	39,453,272	7,571	3.19	46,845,849	8,990	7.00	297	17.5	82.1
2014	5,172	37,945,688	7,337	9.23	43,453,428	8,402	10.60	289	17.9	78.5
2013	5,079	34,114,754	6,717	(4.42)	38,582,853	7,597	(3.72)	266	19.1	79.7
2012	4,860	34,152,797	7,027	8.21	38,344,376	7,890	5.36	280	17.4	82.6
2011	4,817	31,283,585	6,494	(13.62)	36,071,783	7,488	(10.24)	282	17.1	79.6
2010	4,742	35,652,713	7,518	8.07	39,559,257	8,342	(5.49)	300	15.8	80.2
2009	4,909	34,152,285	6,957	3.76	43,329,885	8,827	10.36	311	15.8	75.6
2008	4,650	31,178,624	6,705	13.06	37,191,021	7,998	11.87	292	15.9	78.7
2007	4,120	24,433,471	5,930	10.29	29,455,295	7,149	10.19	230	17.9	73.0

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Schools</u>										
Elementary										
Buildings	25	25	25	25	25	25	25	22	18	17
Square feet	586,505	586,505	586,505	586,505	586,505	576,739	576,739	521,963	431,455	341,642
Capacity	7,261	7,261	7,261	7,261	7,261	7,261	7,261	6,386	5,263	4,140
Enrollment	55,607	5,607	5,623	5,079	4,860	4,817	4,742	4,909	4,237	3,638
Middle										
Buildings									6	6
Square feet									42,477	42,477
Capacity									480	480
Enrollment									413	482
<u>Administrative</u>										
Buildings	3	3	3	3	3	3	3	2	2	2
Square feet	44,678	44,678	44,678	44,678	44,678	44,678	44,678	9,248	9,248	9,248
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	25	25	25	25	25	25	23	23	24	28

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

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