
LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
LAVEEN, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023



**LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
LAVEEN, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

Issued by:
Business and Finance Department

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INTRODUCTORY SECTION



December 29, 2023

Citizens and Governing Board
Laveen Elementary School District No.59
5001 W. Dobbins Rd.
Laveen, AZ 85339

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 annual comprehensive financial report of the Laveen Elementary School District No.59 (District) for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finance 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 from material misstatements. 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 annual comprehensive financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the District's organizational chart and a list of District officials and administrative staff. The financial section includes the financial statements and the combining and individual fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes certain un-audited and demographic information, generally presented on a multi-year basis.

The District's financial statements have been audited by CWDL, Certified Public Accountants, 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, 2023, 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 auditor concluded, base conducted, 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, 2023, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of this report.

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, and Audit Requirements for Federal Awards (Uniform Guidance) designed to meet the special needs of federal grantor agencies. The standards of governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited 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 preschool through grade eight, with an average daily membership of 7,160. The District encompasses an area of approximately twenty-nine (29) square miles and lies within the City of Phoenix. The U.S. Census Bureau population of Laveen AZ was estimated to be approximately 91,502 residents in 2020.

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, child nutrition, bookstore and athletic functions.

The District's Mission Statement is "Ensure the future success of every student through the use of best practices and innovative strategies." The goals established to help achieve our mission statement are:

- 1) Increase student academic achievement as measured by student proficiency and growth on district and state assessments.
- 2) Recruit, retain and develop high-quality teachers and staff.
- 3) Responsibly maximize resources to accomplish the mission and vision of the District.
- 4) Create an environment in which students and staff feel safe and supported.
- 5) Pursue new and strengthen existing partnerships with parents and the community.

In the Spring 2023 state assessment, Laveen Elementary School District's percent passing ELA and Mathematics were just below the statewide average for districts. When compared to surrounding districts, Laveen continues to perform well above average. Of the 13 elementary school districts that feed into the Phoenix Union High School District, Laveen had the second highest percent passing in both ELA and Mathematics.

BUDGETING SYSTEMS AND CONTROLS

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 District utilizes a "Student-Based Budget Process", meaning that schools and students are budget priorities. The budget for staffing and other resources is based on the number of students enrolled at each site and funds are allocated for these needs prior to evaluating the needs for departments. These budgets are set each year based on consistent standards adopted by the Governing Board. Standards are developed and recommended to the Governing Board after receiving input from committees consisting of staff and other stakeholders involved in each particular area.

The District's proposed expenditure budget is presented to the Governing Board for review prior to June 15. The Governing Board is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than July 15. The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General and some Capital Project Funds. The level of budgetary control is established at the individual fund level for all funds.

In order to ensure compliance with the legal provisions applicable to the annual appropriated budget, the District maintains several budgetary controls. Budget-controlled funds are monitored consistently to ensure that schools and departments stay within their allocated budgets, and that expenditures are proper for the designated fund. The Executive Director of Finance can at any time reallocate budget capacity between accounts within a fund or from the contingency fund designated for emergencies and other needs that were not identified previously. The workflow for approval of purchases and journal entries has several levels for review before being posted. Budgets for cash-controlled funds are updated automatically within the financial system as revenue is received and these funds are reconciled throughout the year to ensure that cash available is sufficient to meet the appropriated budget.

Although not adopted, an annual revenue budget for all sources is prepared. The expenditure budget can be revised annually in accordance with Arizona Revised Statutes; however the revenue budget is not revised. Therefore a deficit budgeted fund balance can occur when the expenditure budget is increased during a revision. Funds that have over expenditures of budgeted funds have revenue earned throughout the year. 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's administration is charged with the responsibility of supervising the protection of the District's assets by employing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. The District carries insurance for general liability, auto liability and workers' compensation.

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. Phoenix's major employers in the area include the State of Arizona, Wal-Mart Stores, and Banner Health System.

The City of Phoenix enjoys a highly diversified economic base consisting of manufacturing, agriculture, tourism, construction, education, distribution centers, finance and retailing. Tourism is an important income producer. Many world-class hotels and resorts cater to visitors. The city's light rail system offers a convenient transportation link from the airport to downtown Phoenix, with stops at the convention center and several downtown hotels. The greater Phoenix area serves as a hub for innovation and entrepreneurs by providing international access for aerospace, high-technology, bioscience, advanced business services and sustainable technologies companies.

The City of Phoenix is the Capitol and largest city of Arizona and is the county seat as well. Phoenix is also the fifth largest city in the nation, with more than 1.6 million residents and growing. The city encompasses an area approximately 519 square miles. The Phoenix metropolitan area is the population and economic activity center of the entire State. Phoenix is one of the leaders in the economics of the Southwestern area of the United States.

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, Mesa, Glendale, Scottsdale, Tempe, Chandler, Peoria, and Gilbert. The County's population is estimated at 4,485,414 or about 62.7 percent of the total population of the state. Maricopa County has a very wide range of economic sectors supporting its substantial growth. As of June 2023, the unemployment rate in Phoenix and Maricopa County was approximately 3.2 and 3.9 percent, respectively, approximating the national average of 3.6 percent.

Long-term Financial Planning. The Laveen Elementary School District is still in the middle stages of its growth. Although the District is land-locked, there is a considerable amount of land that can be developed and many developments underway. A third-party demographic study completed in spring 2023 projected that, over the next ten years, the number of households in the district will increase by 7,000 and student enrollment in the district will increase by 2,300.

As the District continues to grow and existing facilities approach capacity, the District received state funding to support construction costs for a ninth school, which was opened in the 2020-2021 fiscal year. The district is in the process of obtaining land and planning construction for schools ten and eleven.

In November, 2015 the voters of the Laveen Elementary School District voted to approve a \$42,000,000 bond. Proceeds of the bond will be used for construction of new schools, school site acquisition, repair and replace school infrastructure, technology replacement and improvement, additional bus replacement and additional school safety features. In February 2016, the District issued \$7,440,000 in new bonds and refinanced \$2,900,000 in existing bonds. The new bonds were used immediately to fund the construction of a new school. The refunded bonds yielded a Net Present Value savings of \$296,067, or, 10.209%. These savings are returned to the District's taxpayers through lower debt service payments over the remaining life of the bonds. In October 2019, the District issued \$15,180,000 in new bonds.

The new bonds were used for supporting new construction of school number nine, a classroom wing at Cheatham Elementary, a preschool and parking facility at Vista del Sur Accelerated Academy, school buses and technology infrastructure. In November 2023, the District issued \$19,170,000 in new bonds, utilizing the full remaining balance of the \$42,000,000 approved by voters in 2015. The new bonds will be used primarily for school construction and renovation.

In November, 2020, the voters of the Laveen Elementary School District voted to reauthorize a 15% Maintenance and Operation Override. The Maintenance and Operations Override is in full effect for five years beginning with the 2021-22 fiscal year. In November, 2018, the voters reauthorized the current 10% Capital Override. The Capital Override is in effect for seven years beginning with the 2019-20 fiscal year. The Maintenance and Operations Override generated \$6,994,766 and the Capital Override generated \$4,695,131 respectively, in the 2022-23 fiscal year. Funds from these overrides were used to maintain class sizes, provide full day kindergarten, provide art, music, and physical education to all grade levels, provide two-to-one technology devices in the classroom, bus purchases, and maintain and renovate facilities.

The District incorporates a "child-centered, needs-based" approach to its management and planning process. Expenditure requests are prioritized based on student program and facility needs. A contingency is maintained to address unanticipated expenditures. This approach ensures funds are spent in the most effective manner possible.

The District continues to offer an attractive open enrollment program where students outside the District are eligible to attend schools in the Laveen Elementary District where signature programs such as Performing Arts, Accelerated Academy and STEM (science, technology, engineering and mathematics) schools are offered. The District has grown student enrollment over 2% per year since 2020-2021 and anticipates that growth will accelerate in the near future.

In addition to adding schools to accommodate growth, the District has aggressively pursued replacing aging school buildings. The oldest school in the District was built in 1998, even though the district is over 100 years old. This has resulted in lower maintenance costs, allowing more budget to go directly to instruction.

The District has also invested in solar power and energy management systems utilizing performance contracts. These have also lowered the cost of operations.

Fiscal Management. The District utilizes and consistently practices a fiscally conservative approach to all of its finances. Substantial reserves are maintained in various funds to ensure current and futures needs can be met. One-time revenue sources are not committed to ongoing expenditure commitments. These practices have allowed the District to maintain, and actually improve, student programs even during drastic funding reductions from the State of Arizona during the recession.

Economic Condition. The fiscally conservative approach to finances has been recognized and rewarded by rating agencies. The District was upgraded to a "Aa2" bond rating by Moody's Investors Service in October 2023 due to a growing local economy, healthy financial position, and conservative budgeting. The improved bond rating helps lower the cost of issuing bonds through lower interest rates. In addition, the Arizona Office of the Auditor General prepared a Financial Stress Assessment for the District which indicates a low financial stress in all six categories evaluated.

Pension Plan. The District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The District's contribution to the System for the year ended June 30, 2023, was equal to the required contribution for the year.

AWARDS AND ACKNOWLEDGEMENTS

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 2022-2023 certificates.

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

In closing, we would like to extend our appreciation to the Governing Board for their leadership and support in attaining the highest standards of professionalism regarding the management of the District's finances.

Respectfully submitted,

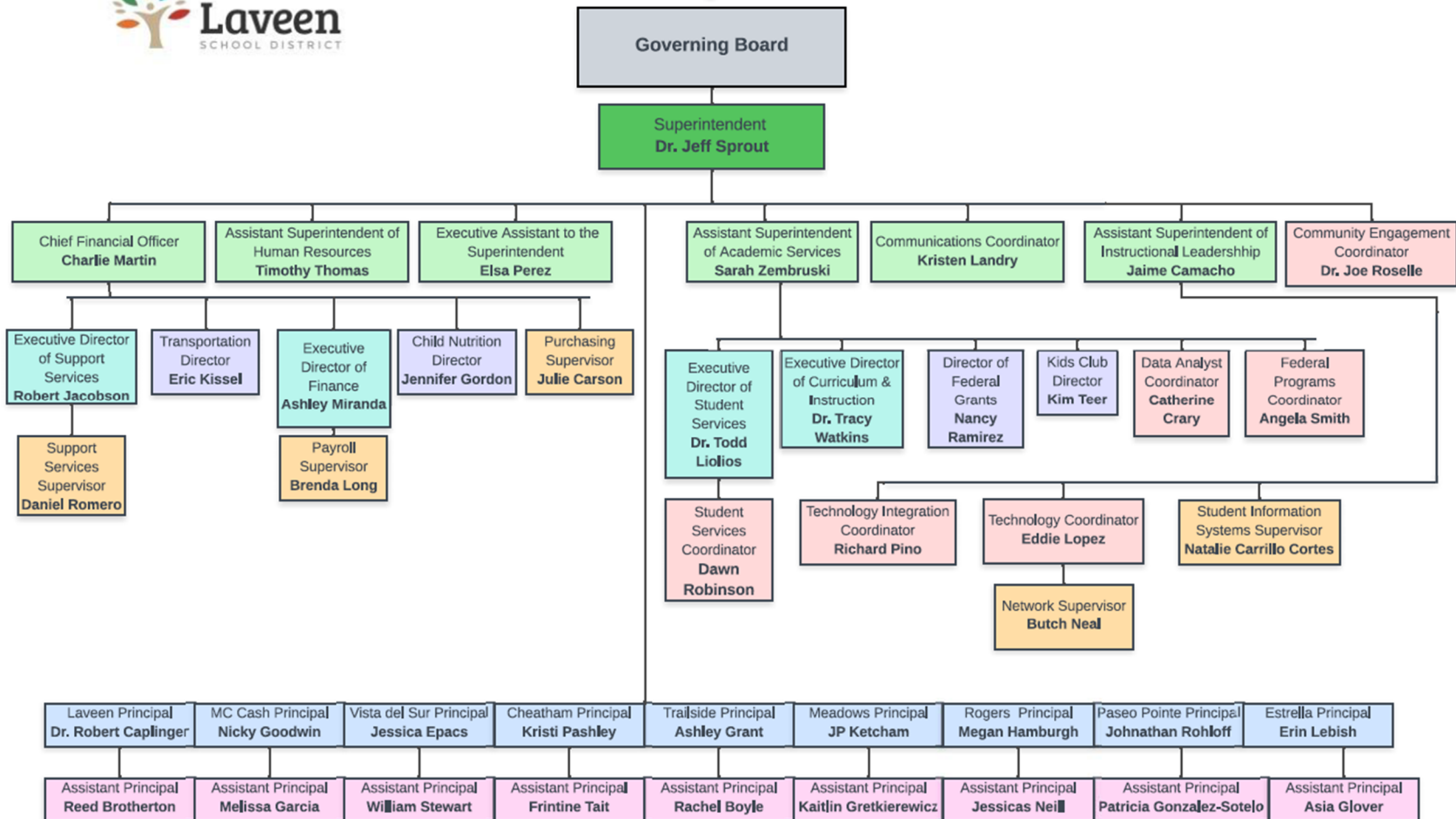


Charlie Martin
Chief Financial Officer

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2023



Administrator Organizational Chart



LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
LIST OF PRINCIPAL AND ELECTED OFFICIALS
YEAR ENDED JUNE 30, 2023

GOVERNING BOARD

Jill Barragan
President

Linda Abegg
Member

Michele Anderson
Member

Dr. Torrence Watkins
Member

ADMINISTRATIVE STAFF

Dr. Jeff Sprout, Superintendent

Tim Thomas, Assistant Superintendent Human Resources

Charlie Martin, Chief Financial Officer

Sarah Zembruski, Assistant Superintendent Academic Services

Elsa Perez, Executive Assistant to the Superintendent

Kristen Landry, Communications Coordinator

Jaime Camacho, Assistant Superintendent of Instructional Leadership



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Laveen Elementary School District 59

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style with a large, flowing 'J' and 'H'.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style with a large, flowing 'S' and 'M'.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Laveen Elementary School District No. 59
Arizona

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Governing Board
Laveen Elementary School District No. 59
Laveen, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laveen Elementary School District No. 59 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Laveen Elementary School District No. 59, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Mesa, Arizona
December 29, 2023

REQUIRED SUPPLEMENTARY INFORMATION

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

As management of the Laveen Elementary School District No. 59 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$122.0 million (net position). The District's total net position increased by \$13.4 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$55.8 million, an increase of \$12.7 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$32.7 million, or 56% of total General Fund expenditures.
- The District's net capital assets decreased \$1.9 million.
- The District's long-term liabilities increased by 8.5 million, or 12% primarily due the increase in the net pension liability as a result of various factors discussed in Note 10, offset by current year principal payments on the District's bonds and financed purchase agreements.

OVERVIEW OF THE 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic 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 *Statement of Net Position* presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Fund Financial Statements

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

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

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

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Projects Funds, and Debt Service Fund, the three of which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Encumbered amounts lapse at year-end. An annual budget of revenue from all sources is not prepared.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its employee benefit trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 18 – 20 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 21 – 40 of this report.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Required Supplementary Information Other than MD&A

The District reports a multi-year schedule of the District's proportionate share of net pension/OPEB liability and contributions to its cost-sharing pension/OPEB plans starting on page 41.

Governments have the option of reporting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Special Projects budgetary comparison schedules as RSI other than the MD&A, which can be found starting on page 42 of this report. Notes to the RSI are presented after the budgetary comparison schedules on page 44.

Other information

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found on pages 45 – 55 of this report.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 56 – 76 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as useful indicators 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 \$122.0 million at the close of the most recent fiscal year.

A summary of the District's Statement of Net Position is presented below:

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	\$ 72,383,058	\$ 52,602,609	\$ 19,780,449
Capital assets	126,758,001	128,639,996	(1,881,995)
Total Assets	199,141,059	181,242,605	17,898,454
DEFERRED OUTFLOWS	10,578,132	14,349,514	(3,771,382)
Total Assets and Deferred Outflows	209,719,191	195,592,119	14,127,072
LIABILITIES			
Current liabilities	7,195,493	3,022,265	4,173,228
Long-term liabilities	77,657,650	69,151,467	8,506,183
Total Liabilities	84,853,143	72,173,732	12,679,411
DEFERRED INFLOWS	2,835,376	14,788,070	(11,952,694)
Total Liabilities and Deferred Inflows	87,688,519	86,961,802	726,717
NET POSITION			
Net investment in capital assets	105,876,362	105,848,536	27,826
Restricted	31,756,961	32,161,109	(404,148)
Unrestricted	(15,602,651)	(29,379,328)	13,776,677
Total Net Position	\$ 122,030,672	\$ 108,630,317	\$ 13,400,355

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Government-Wide Financial Analysis (Continued)

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

At the end of the current fiscal year, the District was able to report positive balances in the net investment in capital assets and restricted net position. The District reported a negative balance in unrestricted net position due to the District's reporting of its proportionate share of the net pension liability for its cost-sharing pension plan/OPEB required under Governmental Accounting Standards Board (GASB) Statements No. 68. Additional information on the District's net pension/OPEB liability can be found in Note 10 of this report.

Overall, net position increased \$13.4 million, or 12%. Key elements of this increase are indicated as follows:

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 3,651,309	\$ 1,906,566	\$ 1,744,743
Operating grants and contributions	26,560,331	23,843,102	2,717,229
Capital grants and contributions	-	455,493	(455,493)
General revenues:			
Property taxes	20,520,852	18,813,336	1,707,516
State equalization and additional state aid	48,308,547	38,186,778	10,121,769
County equalization	47,591	3,704,428	(3,656,837)
Interest and other	1,141,907	414,293	727,614
Total Revenues	100,230,537	87,323,996	12,906,541
EXPENSES			
Instruction	46,747,529	44,566,738	2,180,791
Support Services:			
Students and instructional staff	11,834,814	10,326,609	1,508,205
General and school administration	5,818,632	10,180,126	(4,361,494)
Business and other support services	363,814	1,210,101	(846,287)
Operation and maintenance of plant	9,318,170	8,155,706	1,162,464
Operation of noninstructional services	7,710,564	6,426,753	1,283,811
Student transportation	4,462,398	3,518,573	943,825
Interest on long-term debt	574,261	670,839	(96,578)
Total Expenses	86,830,182	85,055,445	1,774,737
Change in net position	13,400,355	2,268,551	11,131,804
Net Position - Beginning	108,630,317	106,361,766	2,268,551
Net Position - Ending	\$ 122,030,672	\$ 108,630,317	\$ 13,400,355

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Program Revenues

The District reported a \$1.7 million increase (92%) in charges for services primarily due to increases in rental revenue, food sales, and other miscellaneous charges.

The decrease in capital grants and contributions was not significant.

Operating grants and contributions increased \$2.7 million (2%). This increase was mainly due to the increases in federal grants related to COVID-19 funding that was still being expended during the current year.

General Revenues

The District experienced an increase in property tax revenue of \$1.7 million because of new construction within the district, growth in student enrollment and increases in the state funding formula. Growth in student enrollment and increases in the state's budget formula increase property tax revenue from the voter-approved M&O and DAA overrides.

State equalization and additional state aid increased \$6.5 million (15%) due to growth in student enrollment and increases in the state's budget formula.

The change in interest and other income was due to increases in interest rates on cash with the county treasurer.

The District incurred a 2% increase in expenses in the current year. The District's mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The increase was mainly due to increases in salaries and related benefits.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$55.8 million, an increase of \$12.7 million in comparison with the prior year. Approximately 59% of this total amount (\$32.7 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is restricted to indicate that it is not available for new spending.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Fund balances as of June 30, 2023, and the changes in fund balances from prior year are summarized below:

	Balance	Increase (Decrease) From 2021-22
GOVERNMENTAL FUND		
General Fund	\$ 32,737,069	\$ 7,935,097
Special Projects Fund	2,587,315	1,174,150
Debt Service Fund	515,969	353,540
Nonmajor Governmental Funds	19,942,018	3,200,842
Total Fund Balance	55,782,371	12,663,629

The increase in the General Fund of \$7.9 million was primarily due to the increases in state aid and property tax revenues, with General Fund expenditures remaining consistent with the prior year.

The increase of \$1.1 million in the Special Projects Fund was due to monies received as revenue in the current year that will be spent down in the subsequent fiscal year.

The increase of \$0.4 million in the Debt Service Fund was due to the increase in property tax revenues.

Nonmajor Governmental Funds experienced an increase of \$3.2 million primarily due to the decreases in expenditures and an increase in food sales, interest revenue, and other miscellaneous sources.

FINANCIAL ANALYSIS OF THE PROPRIETARY FUNDS

Net position in the Internal Service Funds amounted to \$6.7 million, an increase of \$2.2 million from the prior year. The increase was due to the increase in contributions exceeding the increase in premiums expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$0.6 million. In Arizona, school districts build their original "adopted" budget based on a projection of the coming fiscal year's 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The decrease in the budget was allocated among various line items, mostly regular education – instruction. Budgetary basis General Fund expenditures were \$2.0 million less than budget during the fiscal year. This was primarily due to a large favorable budget variance in regular education and special education instruction expenditures. Budgetary basis expenditures were within 4% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$126.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles, furniture, and equipment. The net decrease was mainly due to depreciation expense exceeding current year acquisitions during the year.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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

- Desert Meadows facilities.
- School renovation projects.
- Various IT upgrades.
- Buses.

Additional information on the District's capital assets can be found in Note 5 of this report.

Capital asset activity as of June 30, 2023 is summarized below:

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 13,064,185	\$ 13,064,185	\$ -
Construction in progress	278,140	3,898,289	(3,620,149)
Land improvements	4,809,306	4,850,714	(41,408)
Buildings & improvements	103,816,288	101,751,144	2,065,144
Vehicles, equipment, and furniture	4,790,082	5,075,664	(285,582)
Total Capital Assets	\$ 126,758,001	\$ 128,639,996	\$ (1,881,995)

Long-Term Debt

At end of the current fiscal year, the District's debt included compensated absences, financed purchase agreements, bonds payable and the net pension/OPEB liability. Financed purchases decreased due to scheduled principal payments and general obligation bonds decreased due to current year principal payments. The net pension liability increased \$12.0 million due to various factors as explained in Note 10 of this report. The increase in the net OPEB liability was not considered significant.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
General obligation bonds	\$ 15,475,000	\$ 18,800,000	(3,325,000)
Unamortized premium	1,614,465	1,772,959	(158,494)
Financed purchases	463,919	640,606	(176,687)
Compensated absences	1,371,282	1,263,571	107,711
Net pension liability	58,699,603	46,674,331	12,025,272
Net OPEB liability - multiple employer	33,381	-	33,381
Total Long-term Liabilities	\$ 77,657,650	\$ 69,151,467	\$ 8,506,183

The state constitution limits the amount of total outstanding bonded indebtedness of a non-unified school district to 15% of its net full cash value. The current constitutional debt limitation for the District is \$72.8 million, which is significantly more than the District's outstanding bonded debt.

**LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Steady growth in enrollment and ongoing new housing development within the District.
- Increased state per pupil funding and one-time supplemental funding for FY24.
- Need to maintain competitive salaries to attract and retain high-quality staff.
- Final year of increased federal grant funding related to COVID-19.
- Legislative approval to exceed the Aggregate Expenditure Limit for FY24.

The above factors were considered in preparing the District's budget for the 2023-24 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, 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, Laveen Elementary School District No. 59, 5001 West Dobbins Road, Laveen, Arizona 85339 or via the District's website: www.laveenschools.org.

BASIC FINANCIAL STATEMENTS

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 53,624,272
Property taxes receivable	1,101,728
Intergovernmental receivable	15,558,843
Deposits	61,325
Net OPEB asset	2,036,890
Capital assets, not depreciated	13,342,325
Capital assets, net of accumulated depreciation	113,415,676
Total Assets	199,141,059
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	28,365
Deferred outflows related to pensions	10,347,318
Deferred outflows related to the cost-sharing OPEB	202,449
Total Deferred Outflows of Resources	10,578,132
LIABILITIES	
Accounts payable	2,366,488
Accrued wages and benefits	1,157,830
Matured bond principal payable	3,325,000
Interest payable	346,175
Long-term liabilities:	
Due within one year	2,703,287
Due in more than one year	74,954,363
Total Liabilities	84,853,143
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,546,204
Deferred inflows related to the cost-sharing OPEB	1,289,172
Total Deferred Inflows of Resources	2,835,376
NET POSITION	
Net investment in capital assets	105,876,362
Restricted:	
Net OPEB asset	2,036,890
Teacher compensation and other qualified programs (A.R.S 15-977)	4,409,252
Instructional improvement programs	3,994,655
Federal and state instructional programs	2,587,315
Food service	2,844,754
Civic center	838,460
Community programs	3,869,597
Extracurricular activities	295,627
Other special revenues	52,963
Student activities	62,465
Capital projects	3,598,759
Debt service	515,969
Self-insurance	6,650,255
Unrestricted	(15,602,651)
Total Net Position	\$ 122,030,672

See accompanying Notes to the Basic Financial Statements

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					
Primary Government:					
Governmental Activities:					
Instruction	\$ 46,747,529	\$ 486,626	\$ 13,551,382	\$ -	\$ (32,709,521)
Support services:					
Students	5,791,664	224,116	847,169	-	(4,720,379)
Instructional staff	6,043,150	10,251	2,446,879	-	(3,586,020)
General administration	1,898,728	677,051	25,751	-	(1,195,926)
School administration	3,919,904	352,171	317,021	-	(3,250,712)
Business and other support services	363,814	15,897	549,643	-	201,726
Operation and maintenance of plant	9,318,170	64,277	1,818,941	-	(7,434,952)
Student transportation	4,462,398	96,687	266,699	-	(4,099,012)
Operation of noninstructional services	7,710,564	1,724,233	6,736,846	-	750,515
Interest on long-term debt	574,261	-	-	-	(574,261)
Total	\$ 86,830,182	\$ 3,651,309	\$ 26,560,331	\$ -	\$ (56,618,542)
General revenues:					
Property taxes					20,520,852
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					48,308,547
County equalization					47,591
Investment earnings					858,007
Other					283,900
Total general revenues					70,018,897
Change in net position					13,400,355
Net position - beginning					108,630,317
Net position - ending					\$ 122,030,672

See accompanying Notes to the Basic Financial Statements

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 23,445,939	\$ -	\$ 4,170,019	\$ 19,354,943	\$ 46,970,901
Receivables:					
Property taxes	912,307	-	82,257	107,164	1,101,728
Intergovernmental	9,396,400	5,245,660	-	916,783	15,558,843
Deposits	-	-	-	61,325	61,325
Due from other funds	1,672,313	-	-	-	1,672,313
Total Assets	\$ 35,426,959	\$ 5,245,660	\$ 4,252,276	\$ 20,440,215	\$ 65,365,110
LIABILITIES					
Accounts payable	\$ 1,534,941	\$ 561,309	\$ -	\$ 269,646	\$ 2,365,896
Accrued wages	566,262	462,828	-	126,216	1,155,306
Matured principal payable	-	-	3,325,000	-	3,325,000
Interest payable	-	-	346,175	-	346,175
Due to other funds	-	1,634,208	-	38,105	1,672,313
Total Liabilities	2,101,203	2,658,345	3,671,175	433,967	8,864,690
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	588,687	-	65,132	64,230	718,049
Total Deferred Inflows	588,687	-	65,132	64,230	718,049
FUND BALANCES					
Restricted	-	2,587,315	515,969	19,966,532	23,069,816
Unassigned	32,737,069	-	-	(24,514)	32,712,555
Total Fund Balances	32,737,069	2,587,315	515,969	19,942,018	55,782,371
Total Liabilities, Deferred Inflows of Resources, and Fund Balances					
	\$ 35,426,959	\$ 5,245,660	\$ 4,252,276	\$ 20,440,215	\$ 65,365,110

See accompanying Notes to the Basic Financial Statements

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds \$ 55,782,371

Amounts reported for assets and liabilities for governmental activities in the *Statement of Net Position* are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the *Statement of Net Position*, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 172,505,516	
Accumulated depreciation	<u>(45,747,515)</u>	126,758,001

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds:	718,049
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Net OPEB asset:

OPEB assets held in trust for future benefits are not available for District operations and, therefore, are not reported in the governmental funds:	2,036,890
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Long-term liabilities:

In governmental funds, only current liabilities are reported. In the *Statement of Net Position*, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Financed purchase liability	(463,919)	
General obligation bonds	(15,475,000)	
Unamortized premiums	(1,614,465)	
Unamortized deferred amount on refunding	28,365	
Net pension liability	(58,699,603)	
Net cost-sharing OPEB liability	(33,381)	
Compensated absences	<u>(1,371,282)</u>	(77,629,285)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the *Statement of Net Position*, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions:	10,347,318	
Deferred inflows of resources relating to pensions:	(1,546,204)	
Deferred outflows of resources to the cost-sharing OPEB:	202,449	
Deferred inflows of resources to the cost-sharing OPEB:	<u>(1,289,172)</u>	7,714,391

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

	6,650,255
Total Net Position - Governmental Activities	<u>\$ 122,030,672</u>

See accompanying Notes to the Basic Financial Statements

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Special Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 15,568,393	\$ -	\$ 4,312,939	\$ 880,372	\$ 20,761,704
Intergovernmental	49,053,230	14,101,965	-	12,171,741	75,326,936
Food Services Sales	-	-	-	649,043	649,043
Community Schools	-	-	-	2,690,810	2,690,810
Auxiliary Operations	166,009	-	-	-	166,009
Student Activities	-	-	-	40,704	40,704
Rental Income	-	-	-	104,743	104,743
Contributions and Donations	574,136	-	-	108,590	682,726
Investment earnings	424,702	41,018	57,951	287,132	810,803
Other	242,305	9,750	-	31,845	283,900
Total Revenues	66,028,775	14,152,733	4,370,890	16,964,980	101,517,378
EXPENDITURES					
Current					
Instruction	30,702,216	6,326,817	-	5,460,669	42,489,702
Support services:					
Students	4,785,521	732,386	-	69,037	5,586,944
Instructional staff	3,560,616	2,195,123	-	157	5,755,896
General administration	1,548,045	-	-	152,072	1,700,117
School administration	3,448,621	272,667	-	77,380	3,798,668
Business and other support services	2,161,469	481,213	-	756,745	3,399,427
Operations and maintenance of plant	7,687,891	743,606	-	209,685	8,641,182
Student transportation	3,625,048	236,313	-	470,145	4,331,506
Operations of noninstructional services	140,680	1,663,774	-	5,773,478	7,577,932
Debt service:					
Principal	176,687	-	3,325,000	-	3,501,687
Interest and fiscal charges	17,617	-	692,350	-	709,967
Capital outlay:					
Facilities acquisition	970,865	8,493	-	381,363	1,360,721
Total Expenditures	58,825,276	12,660,392	4,017,350	13,350,731	88,853,749
Excess (Deficiency) of Revenues Over Expenditures	7,203,499	1,492,341	353,540	3,614,249	12,663,629
Other Financing Sources (Uses)					
Transfers in	731,598	-	-	-	731,598
Transfers out	-	(318,191)	-	(413,407)	(731,598)
Net Financing Sources (Uses)	731,598	(318,191)	-	(413,407)	-
NET CHANGE IN FUND BALANCE	7,935,097	1,174,150	353,540	3,200,842	12,663,629
Fund Balance - Beginning, as restated	24,801,972	1,413,165	162,429	16,741,176	43,118,742
Fund Balance - Ending	\$ 32,737,069	\$ 2,587,315	\$ 515,969	\$ 19,942,018	\$ 55,782,371

See accompanying Notes to the Basic Financial Statements

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Governmental Funds \$ 12,663,629

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported in governmental funds because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the Statement of Activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital outlay:	\$ 3,208,496	
Depreciation expense:	<u>(4,608,614)</u>	(1,400,118)

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the <i>Statement of Activities</i> , only the resulting gain or loss is reported.	(481,877)
--	-----------

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the Statement of Activities and therefore are not reported as revenues in the Statement of Activities.

Property taxes	(240,852)
Grants and other miscellaneous revenue	(1,093,193)

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

Pension contributions	5,634,918
Pension expense	(8,369,367)
OPEB ASRS contributions	117,373
OPEB ASRS expense	799,413

The repayment of principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has any effect on net position. The repayment of principal on long-term debt reduces long-term debt on the *Statement of Net Position*.

Principal payment on financed purchases	176,687
Principal payment on general obligation bonds	3,325,000
Amortization of deferred bond items	158,494
Amortization of the deferred amount on refunding	(22,788)

Some expenses reported in the Statement of Activities, such as increase in compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(107,711)
--	-----------

The Internal Service Funds are used by management to charge the cost of insurance. The changes in net position of the Internal Service Funds are reported with governmental activities in the Statement of Activities.

	2,240,747
Change in Net Position of Governmental Activities	<u><u>\$ 13,400,355</u></u>

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 6,653,371
Total Assets	<u>\$ 6,653,371</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 592
Accrued wages	<u>2,524</u>
Total Liabilities	<u>3,116</u>
NET POSITION	
Unrestricted	<u>6,650,255</u>
Total Net Position	<u>\$ 6,650,255</u>

See accompanying Notes to the Basic Financial Statements

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Contributions	\$ 9,360,343
OPERATING EXPENSES	
Premiums	<u>7,166,800</u>
Operating Income	<u>2,193,543</u>
NONOPERATING REVENUES	
Investment income	<u>47,204</u>
Total Nonoperating Revenues	<u>47,204</u>
Change in Net Position	2,240,747
Net Position - Beginning	<u>4,409,508</u>
Net Position - Ending	<u>\$ 6,650,255</u>

See accompanying Notes to the Basic Financial Statements

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from contributions	\$ 9,361,029
Cash payments to suppliers for goods and services	<u>(7,166,508)</u>
Net cash provided by/(used) for operating activities	<u>2,194,521</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income	<u>47,204</u>
-------------------	---------------

Net Increase (Decrease) in Cash and Cash Equivalents

2,241,725

Cash and Cash Equivalents - Beginning of Year

4,411,646

Cash and Cash Equivalents - End of Year

\$ 6,653,371

**RECONCILIATION OF OPERATING INCOME TO CASH AND CASH
EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 2,193,543
Changes in operating assets and liabilities:	
Decrease in accounts receivable	686
Decrease in accounts payable	(21)
Increase in accrued wages	<u>313</u>

Net Cash and Cash Equivalents Provided by Operating Activities

\$ 2,194,521

See accompanying Notes to the Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Laveen Elementary School District No. 59 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

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

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

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports the following major governmental funds:

Major Governmental Funds

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

The *Special Projects Fund* accounts for the revenues and expenditures of state and federally funded projects.

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the District reports the following fund type:

Proprietary Fund

The Proprietary Funds are Internal Service Funds that account for activities related to the District's self-insurance program, and the operation of District functions that provide goods and services to other District departments on a cost reimbursement basis.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for health and welfare benefits and charges to District departments for goods and services. Operating expenses for the internal service funds include the cost of goods and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Deferred Outflows of resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

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

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. Statute authorizes the District to deposit monies of Auxiliary Operations and Student Activities 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 withholding accounts for taxes, employee insurance programs, and federal savings bonds. 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 monies at 102% of all deposits not covered by federal depository insurance.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The State Board of Investments provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

Property Taxes Receivables

The Maricopa 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. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The District does not report a reserve for uncollectible property taxes as they are considered 100 percent collectible due to the County attaching a lien against all amounts past due as noted above.

Intergovernmental Receivable

Intergovernmental receivables are comprised of the following:

State Equalization	\$ 9,396,400
Instructional Improvement	359,716
State Grants	299,406
Federal Grants	5,475,009
School Facilities Board	28,312
Total Intergovernmental Receivable	<u>\$ 15,558,843</u>

Short-Term Interfund Receivables and Payables

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

Deposits

Deposits in the amount of \$61,325 represents cash deposits with Mohave Educational Services in the food service cooperative.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

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

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

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

Asset Class	Years
Land improvements	20 - 50 years
Building and improvements	10 - 50 years
Vehicles, equipment, furniture	5 - 30 years

Deferred Outflows of Resources

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

Compensated Absences

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

Pension and Other Postemployment Benefits

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows of Resources

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

Net Position

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

Fund Balance

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

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the District Governing Board can remove or change the constraints placed on committed fund balances through formal board action at a public meeting. Fund balances must be committed prior to fiscal year-end. Assigned fund balances are resources constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The District's Governing Board has not authorized any management officials to make assignments of resources for a specific purpose.

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

The District has not adopted a spending priority policy. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, in accordance with GASB 54, the District uses restricted fund balance first. For the disbursement of unrestricted fund balances, the District follows the spending policy described in GASB 54 to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

The District has classified its fund balances as follows:

	General Fund	Special Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Activities
Restricted					
Teacher compensation and other qualified programs (A.R.S. 15-977)	\$ -	\$ -	\$ -	\$ 4,409,252	\$ 4,409,252
Instructional improvement programs	-	-	-	3,994,655	3,994,655
Federal and state instructional programs	-	2,587,315	-	-	2,587,315
Food service	-	-	-	2,844,754	2,844,754
Civic center	-	-	-	838,460	838,460
Community programs	-	-	-	3,869,597	3,869,597
Extracurricular activities	-	-	-	295,627	295,627
Other special revenues	-	-	-	52,963	52,963
Student activities	-	-	-	62,465	62,465
Capital projects	-	-	-	3,598,759	3,598,759
Debt service	-	-	515,969	-	515,969
Total restricted	-	2,587,315	515,969	19,966,532	23,069,816
Unassigned	32,737,069	-	-	(24,514)	32,712,555
Total	\$ 32,737,069	\$ 2,587,315	\$ 515,969	\$ 19,942,018	\$ 55,782,371

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

An annual budget of revenue from all sources for the fiscal year is not prepared. The following funds exceeded the respective budgeted amounts in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
Food Service Fund			
Support services - central services	\$ 13,963	\$ 14,814	\$ 851
Operations and maintenance of plant	65,661	69,662	4,001
Operation of noninstructional services	5,210,710	5,528,263	317,553
Capital Outlay	44,666	47,388	2,722
Bond Building Fund			
Student transportation services	-	450,644	450,644
Capital Outlay	-	326,330	326,330
Debt Service Fund	3,879,200	4,017,350	138,150

Budget capacity was available in other funds to make up for the excess spending. The District did not budget for the Bond Building during the current year.

Deficit Fund Equity

A deficit fund balance in the amount of \$24,514 was reported in the Building Renewal Grant Fund. The deficit was due to grant funding that has not been requested or received within 60 days of fiscal year end. The District expects to receive the revenue in the subsequent year to offset the deficit.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits and investments at June 30, 2023 consist of the following:

Deposits:	
Cash in bank	\$ 541,291
Investments:	
Cash on deposit with county treasurer	53,082,981
Total deposits and investments	<u>\$ 53,624,272</u>

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District had a carrying value of \$541,291 for cash on deposit with a local financial institution and a bank balance of \$549,860 at June 30, 2023. The District does not have a formal policy regarding custodial credit risk. However, of the bank balance, \$250,000 was insured by federal depository insurance and the remaining balance was collateralized by the State of Arizona Pooled Collateral Program.

Investments

At June 30, 2023, the District's investments were reported at fair value. The District's investments consisted of only cash on deposit with the County Treasurer.

Custodial Credit Risk – The District's investment in the County Treasurer's investment pools represents a proportionate interest in those pools' portfolios; however, the District's portion is not identified with any specific investment and is not subject to custodial credit risk.

Interest Rate Risk – The District does not have a formal investment policy regarding interest rate risk; however, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to one year or less.

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

NOTE 4 – UNAVAILABLE REVENUES

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

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned. The District did not report any unearned revenue.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 – UNAVAILABLE REVENUES (CONTINUED)

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

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General Fund	\$ 588,687
Debt Service Fund	65,132
Nonmajor Governmental Funds	<u>64,230</u>
Total	<u><u>\$ 718,049</u></u>

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LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets not being depreciated				
Land	\$ 13,064,185	\$ -	\$ -	\$ 13,064,185
Construction in progress	3,898,289	278,140	(3,898,289)	278,140
Total capital assets not being depreciated	16,962,474	278,140	(3,898,289)	13,342,325
Capital assets being depreciated				
Land improvements	9,030,858	339,955	-	9,370,813
Buildings and improvements	131,022,161	5,539,647	(742,282)	135,819,526
Vehicles, equipment, and furniture	13,033,301	949,043	(9,492)	13,972,852
Total capital assets being depreciated	153,086,320	6,828,645	(751,774)	159,163,191
Less accumulated depreciation				
Land improvements	(4,180,144)	(381,363)	-	(4,561,507)
Buildings and improvements	(29,271,017)	(2,993,374)	261,153	(32,003,238)
Vehicles, equipment, and furniture	(7,957,637)	(1,233,877)	8,744	(9,182,770)
Total accumulated depreciation	(41,408,798)	(4,608,614)	269,897	(45,747,515)
Total capital assets, being depreciated, net	111,677,522	2,220,031	(481,877)	113,415,676
Governmental activities capital assets, net	\$ 128,639,996	\$ 2,498,171	\$ (4,380,166)	\$ 126,758,001

Depreciation expenses was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 3,175,415
Support Services:	
Students	38,835
Instructional Staff	137,679
General Administration	157,845
School Administration	1,322
Business and Other Support Services	183,897
Operations and Maintenance of Plant	171,006
Student Transportation	670,609
Operation of Noninstructional Services	72,006
	<u>\$ 4,608,614</u>

As of June 30, 2023, the District reported the following construction commitments:

	Governmental activities	
Project	Spent-to-date	Estimated remaining
Building renovations	\$ 278,140	\$ 183,403

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2023, interfund receivables and payables were as follows:

Due to other funds	Due from other funds
	General Fund
Special Projects Fund	\$ 1,634,208
Nonmajor Governmental Funds	38,105
Total	<u>\$ 1,672,313</u>

The above interfund receivable and payable are due to cash shortfalls at June 30, 2023. Cash will be received subsequent to June 30, 2023 to repay the short-term borrowings.

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Transfer to	Transfer from		Total
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	<u>\$ 318,191</u>	<u>\$ 413,407</u>	<u>\$ 731,598</u>

Transfers were made to record indirect costs transferred to the indirect cost pool for various federal grants.

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LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – LONG-TERM OBLIGATIONS

Compensated Absences

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year ended June 30, 2023, the District paid for compensated absences primarily from the General Fund.

Financed Purchase Agreements

The District has acquired energy efficient upgrades and technology equipment and improvements under contract agreements at a total purchase price of \$2.0 million. The following schedule details debt service requirements to maturity for the District's financed purchases at June 30, 2023:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 181,546	\$ 12,758
2025	186,539	7,765
2026	95,834	1,318
Total	<u>\$ 463,919</u>	<u>\$ 21,841</u>

General Obligation Bonds Payable

Bonds payable at year end, consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund, a major governmental fund, are used to pay bonded debt. The District's legal debt limit is \$72.8 million, and the available margin is \$55.3 million.

Purpose	Interest Rate	Maturity	Original Issue	Balance
Governmental Activities:				
School Improvement Bonds, Series 2015 (Class A)	3.00%	7/1/23-7/1/24	\$ 7,480,000	\$ 1,395,000
Refunding Bonds, Series 2019	2.00 - 5.00%	7/1/23-7/1/26	1,870,000	1,370,000
School Improvement Bonds, Series 2019	2.00 - 5.00%	7/1/24-7/1/39	13,310,000	12,710,000
				<u>\$ 15,475,000</u>

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 2,385,000	\$ 596,550
2025	1,020,000	534,900
2026	1,150,000	514,500
2027	640,000	457,000
2028	675,000	425,000
2029-2033	3,850,000	1,632,850
2034-2038	4,700,000	789,600
2039	1,055,000	42,200
Total	<u>\$ 15,475,000</u>	<u>\$ 4,992,600</u>

Changes in long-term liabilities for the year ended June 30, 2023 are summarized as follows:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
General obligation bonds	\$ 18,800,000	\$ -	\$ (3,325,000)	\$ 15,475,000	\$ 2,385,000
Unamortized premium	1,772,959	-	(158,494)	1,614,465	-
Financed purchases	640,606	-	(176,687)	463,919	181,546
Compensated absences	1,263,571	829,919	(722,208)	1,371,282	136,741
Net pension liability	46,674,331	12,025,272	-	58,699,603	-
Cost-sharing OPEB plan	-	-	33,381	33,381	-
Total	<u>\$ 69,151,467</u>	<u>\$ 12,855,191</u>	<u>\$ (4,349,008)</u>	<u>\$ 77,657,650</u>	<u>\$ 2,703,287</u>

NOTE 8 – 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 joined the Valley Schools Insurance Trust (VSIT), Valley School Employee Benefit Trust (VSEBT), and the Valley Schools Worker's Compensation pool (VSWCP) together with several school districts in the State.

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 Valley Schools Insurance Trust (VSIT). VSIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts. The District pays an annual premium to VSIT for its general insurance coverage. The agreement provides that VSIT will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts of each insured event.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – RISK MANAGEMENT (CONTINUED)

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 an annual premium 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 of each insured event.

The District joined the Valley Schools Workers' Compensation Pool (VSWCP) together with other school districts in the state for risks of loss related to workers' compensation claims. VSWCP 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 annual premiums to VSWCP for its employee workers' compensation coverage. The agreement provides that VSWCP will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts of each insured event.

NOTE 9 – CONTINGENT LIABILITIES

Federal grants - In the normal course of operations, the District receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed by District officials to be material.

Litigation - Each year the District receives notices of claims for damages occurring generally from negligence, bodily injury, breach of contract, and other legal matters. The filing of such claims commences a statutory period for initiating a lawsuit against the District arising therefrom. The District has comprehensive general liability insurance with the ASRRT. The District is not aware of any litigation that might result in a materially adverse outcome.

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Cost Sharing Pension Plan

At June 30, 2023, the District reported the following related to pension/OPEB to which it contributes:

	Net Pension Liability (Asset)	Net OPEB Liability (Asset)
Net assets	\$ -	\$ (2,036,890)
Net liability	58,699,603	33,381
Deferred outflows of resources	10,347,318	202,449
Deferred inflows of resources	1,546,204	1,289,172
Expense	8,369,367	(799,413)
Contributions	5,634,918	117,373

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System

Plan Description

District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB); and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2, and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its 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	30 years, age 55
	10 years, age 62	25 years, age 60
	5 years, age 50*	10 years, age 62
	Any years, age 65	5 years, age 50*
		Any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

**With actuarially reduced benefits.*

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. 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 retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (continued)

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

Contributions

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17% (12.03% for retirement and 0.14% for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% for long term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.68% (9.62% for retirement and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$5,634,918, \$52,000, and 65,373, respectively.

During fiscal year 2023, the District paid for pension and OPEB contributions as follows: 73% from the General Fund, 15% from the Special Projects Fund and 12% from nonmajor governmental other funds.

Liability

On June 30, 2023, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability:

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 58,699,603	0.35963%	0.00441%
Health insurance premium benefit	(2,036,890)	0.36497%	0.00449%
Long-term disability	33,381	0.36142%	0.00355%

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022, and the change from its proportions measured as of June 30, 2021, were noted above.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Expense

For the year ended June 30, 2023, the District recognized the following pension and OPEB expense:

	Pension/OPEB Expense
Pension	\$ 8,369,367
Health insurance premium benefit	(894,589)
Long-term disability	95,176
Total Pension/OPEB expense:	<u>\$ 7,569,954</u>

Deferred Outflows/Inflows of Resources

On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 500,156	\$ -	\$ 17,374
Changes of assumptions or other inputs	2,913,375	33,059	18,179
Changes in proportion and differences between contributions and proportionate share of contributions	1,298,869	-	16,464
Contributions subsequent to the measurement date	5,634,918	52,000	65,373
Total	<u>\$ 10,347,318</u>	<u>\$ 85,059</u>	<u>\$ 117,390</u>

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 1,039,513	\$ 31,104
Changes of assumptions or other inputs	-	55,553	81,471
Net difference between projected and actual earnings on pension plan investments	1,546,204	68,613	1,038
Changes in proportion and differences between contributions and proportionate share of contributions	-	11,681	199
Total	<u>\$ 1,546,204</u>	<u>\$ 1,175,360</u>	<u>\$ 113,812</u>

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in expenses as follows:

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2024	\$ 3,870,778	\$ (314,225)	\$ (4,055)
2025	(494,781)	(341,520)	(5,920)
2026	(2,684,574)	(373,992)	(13,740)
2027	2,474,773	(57,417)	721
2028	-	(55,147)	(13,908)
Thereafter	-	-	(24,893)
Total	\$ 3,166,196	\$ (1,142,301)	\$ (61,795)

Actuarial Assumptions

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

	Pensions	Health Insurance Premium	
		Benefit	Long-Term Disability
Actuarial valuation date	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial roll forward date	June 30, 2022	June 30, 2022	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	2.9-8.4%	Not applicable	Not applicable
Inflation rate	2.3%	2.3%	2.3%
Permanent base increases	Included	Not applicable	Not applicable
Mortality rates	2017 SRA Scale U-MP	2017 SRA Scale U-MP	Not applicable
Recovery rate	Not applicable	Not applicable	2012 GLDT

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	-0.20%
Real Estate	20%	6.00%
Total	100%	

Discount Rate

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

Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	Proportionate share of the net liability (asset)		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Pension	\$ 86,609,520	\$ 58,699,603	\$ 35,427,094
Health insurance premium benefit	(1,464,636)	(2,036,890)	(2,522,438)
Long-term disability	55,336	33,381	12,103

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Contributions payable - The District's accrued payroll and employee benefits included \$110,690 of outstanding pension amounts payable to ASRS for the year ended June 30, 2023.

NOTE 11 – SUBSEQUENT EVENTS

On October 18, 2023, the District issued School Improvement Bonds, Series 2023 for \$19.2 million. The bonds will be paid through July 1, 2043, and carry an interest rate of 4%-5%.

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
COST SHARING PENSION PLAN
JUNE 30, 2023 AND EIGHT PRIOR FISCAL YEARS

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.35963%	0.35522%	0.33733%	0.32538%	0.31020%	0.31123%	0.27895%	0.26443%	0.22571%
Proportionate share of the net pension liability	\$ 58,699,603	\$ 46,674,331	\$ 58,447,550	\$ 47,346,576	\$ 43,261,983	\$ 48,483,567	\$ 45,025,332	\$ 41,189,518	\$ 36,026,917
Covered payroll	43,482,642	40,439,025	37,464,711	35,084,498	31,587,662	31,027,920	26,700,593	24,888,145	22,452,843
Proportionate share of the net pension liability as a percentage of its covered payroll	134.93%	121.86%	165.62%	138.65%	138.13%	156.13%	168.01%	162.07%	158.12%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,634,918	\$ 5,141,139	\$ 4,641,323	\$ 4,217,944	\$ 3,838,662	\$ 3,359,356	\$ 3,273,107	\$ 2,993,528	\$ 2,824,918
Contributions in relation to the actuarially determined contribution	5,634,918	5,141,139	4,641,323	4,217,944	3,838,662	3,359,356	3,273,107	2,993,528	2,824,918
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 48,324,901	\$ 43,482,642	\$ 40,439,025	\$ 37,464,711	\$ 35,084,498	\$ 31,587,662	\$ 31,027,920	\$ 26,700,593	\$ 24,888,145
Contributions as a percentage of covered payroll	11.66%	11.82%	11.48%	11.26%	10.94%	10.64%	10.55%	11.21%	11.35%

See accompanying Notes to Required Supplementary Information

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variances -
	Original	Final	Budgetary Basis	Final to Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ 10,827,859	\$ 10,827,859
Intergovernmental	-	-	45,020,090	45,020,090
Other	-	-	46,609	46,609
Total Revenues	-	-	55,894,558	55,894,558
EXPENDITURES				
Regular education:				
Instruction	26,685,024	25,226,106	24,722,358	503,748
Support services - students	1,518,244	1,481,544	1,421,043	60,501
Support services - instructional staff	2,361,796	2,400,796	2,357,114	43,682
Support services - general administration	1,238,978	1,406,978	1,349,565	57,413
Support services - school administration	3,326,055	3,353,055	3,335,732	17,323
Support services - central services	1,653,265	1,763,190	1,688,052	75,138
Operations and maintenance of plant	7,341,801	7,465,652	7,076,006	389,646
Operation of noninstructional services	132,905	136,205	132,841	3,364
School sponsored cocurricular activities	1,891	1,891	-	1,891
School sponsored athletics	2,526	2,526	441	2,085
Total regular education	44,262,485	43,237,943	42,083,152	1,154,791
Special education:				
Instruction	5,384,293	5,140,993	4,701,651	439,342
Support services - students	3,179,235	3,336,235	3,116,518	219,717
Support services - instructional staff	829,370	744,070	724,310	19,760
Support services - general administration	4,623	4,623	-	4,623
Support services - school administration	2,000	2,000	375	1,625
Support services - central services	34,175	25,605	19,176	6,429
Operations and maintenance of plant	2,000	2,000	-	2,000
Total special education	9,435,696	9,255,526	8,562,030	693,496
Pupil transportation:				
Student transportation services	2,936,455	3,516,190	3,374,242	141,948
K-3 reading program:				
Instruction	530,710	530,710	387,469	143,241
Support services - instructional staff	-	-	87,728	(87,728)
Total K-3 reading program	530,710	530,710	475,197	55,513
Total Expenditures	57,165,346	56,540,369	54,494,621	2,045,748
NET CHANGE IN FUND BALANCE	(57,165,346)	(56,540,369)	1,399,937	57,940,306
Fund Balance - Beginning	-	-	1,424,095	1,424,095
Fund Balance - Ending	\$ (57,165,346)	\$ (56,540,369)	\$ 2,824,032	\$ 59,364,401

See accompanying Notes to Required Supplementary Information

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Variances -	
	Original	Final	Actual	Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 14,101,965	\$ 14,101,965
Investment earnings	-	-	41,018	41,018
Other	-	-	9,750	9,750
Total Revenues	-	-	14,152,733	14,152,733
EXPENDITURES				
Regular education:				
Instruction	7,540,151	7,590,145	4,965,240	2,624,905
Support services - students	525,407	528,891	345,984	182,907
Support services - instructional staff	2,451,497	2,467,751	1,614,327	853,424
Support services - school administration	412,792	415,529	271,826	143,703
Support services - central services	698,494	703,125	459,963	243,162
Operations and maintenance of plant	1,089,699	1,096,924	717,574	379,350
Operation of noninstructional services	1,743,220	1,754,778	1,147,922	606,856
Other instructional programs	929,843	936,008	612,308	323,700
Total regular education	15,391,103	15,493,151	10,135,144	5,358,007
Special education:				
Instruction	1,960,685	1,973,685	1,291,124	682,561
Support services - students	586,785	590,676	386,402	204,274
Support services - instructional staff	881,989	887,837	580,796	307,041
Support services - school administration	1,277	1,286	841	445
Support services - central services	32,270	32,484	21,250	11,234
Operations and maintenance of plant	44	44	29	15
Total special education	3,463,050	3,486,012	2,280,442	1,205,570
Pupil transportation:				
Student transportation services	358,862	361,241	236,313	124,928
Capital outlay				
Facilities acquisition	12,897	12,983	8,493	4,490
Total Expenditures	19,225,912	19,353,387	12,660,392	6,692,995
Excess (Deficiency) of Revenues				
Over Expenditures	(19,225,912)	(19,353,387)	1,492,341	20,845,728
Other Financing Sources (Uses):				
Transfers out	-	-	(318,191)	(318,191)
NET CHANGE IN FUND BALANCE	(19,225,912)	(19,353,387)	1,174,150	20,527,537
Fund Balance - Beginning	-	-	1,413,165	1,413,165
Fund Balance - Ending	\$ (19,225,912)	(19,353,387)	\$ 2,587,315	\$ 21,940,702

See accompanying Notes to Required Supplementary Information

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

NOTE 1 – AVAILABILITY OF PRIOR YEAR PENSION/OPEB INFORMATION

Information prior to the measurement dates of June 30, 2014 was not available. GASB Statements No. 68 requires the District to present 10 years of pension information as required supplementary information. However, until a full 10 years of trend data is compiled, the District will present information for only those years for which information is available.

Information related to the OPEB plans was not presented as the activity was not significant to the District.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The District's adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, with the following exception:

- 1) The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District's Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; however, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District's Maintenance and Operation Fund for budgetary purposes.

	General Fund				
	Total	Total	Other	Beginning	Ending
	Revenues	Expenditures	Financing	Fund Balance	Fund Balance
			Sources and		
			Uses		
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 66,028,775	\$ 58,825,276	\$ 731,598	\$ 24,801,972	\$ 32,737,069
Non-maintenance and operation activity included in the General Fund	(10,134,217)	(4,330,655)	(731,598)	(23,377,877)	(29,913,037)
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	\$ 55,894,558	\$ 54,494,621	\$ -	\$ 1,424,095	\$ 2,824,032

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2023

SPECIAL REVENUE FUNDS

Classroom Site Fund – accounts for the revenues and expenditures of State apportioned educational sales tax monies.

Instructional Improvement Fund - accounts for revenues and expenditures for State apportioned Indian Gaming monies.

Other Special Revenue Fund - accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activity fee tax credit, fingerprinting, textbooks, grants and gifts to teachers, and student activities.

Food Service Fund - accounts for the financial operations of preparing and serving regular and incidental meals and snacks in connection with school functions.

CAPITAL PROJECTS FUNDS

Adjacent Ways Fund - accounts for monies received to finance such improvements as public streets or alleys adjacent to school property.

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.

School Facilities Board Fund - accounts for building renewal grant monies requested from the School Facilities that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds					Capital Projects Funds				
	Classroom Site Fund	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Total Special Revenue Funds	Adjacent Ways Fund	Bond Building Fund	School Facilities Board Fund	Total Capital Projects Funds	Non-Major Governmental Funds
ASSETS										
Cash and investments	\$ 4,409,252	\$ 3,634,939	\$ 5,199,125	\$ 2,538,903	\$ 15,782,219	\$ 3,555,825	\$ 16,899	\$ -	\$ 3,572,724	\$ 19,354,943
Receivables:										
Property taxes	-	-	-	-	-	107,164	-	-	107,164	107,164
Intergovernmental	-	359,716	-	528,755	888,471	-	-	28,312	28,312	916,783
Deposits	-	-	-	61,325	61,325	-	-	-	-	61,325
Total Assets	\$ 4,409,252	\$ 3,994,655	\$ 5,199,125	\$ 3,128,983	\$ 16,732,015	\$ 3,662,989	\$ 16,899	\$ 28,312	\$ 3,708,200	\$ 20,440,215
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 6,480	\$ 231,546	\$ 238,026	\$ -	\$ 16,899	\$ 14,721	31,620	\$ 269,646
Accrued wages	-	-	73,533	52,683	126,216	-	-	-	-	126,216
Due to other funds	-	-	-	-	-	-	-	38,105	38,105	38,105
Total Liabilities	-	-	80,013	284,229	364,242	-	16,899	52,826	69,725	433,967
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenues	-	-	-	-	-	64,230	-	-	64,230	64,230
FUND BALANCES										
Restricted	4,409,252	3,994,655	5,119,112	2,844,754	11,958,521	3,598,759	-	-	515,969	19,966,532
Unassigned	-	-	-	-	-	-	-	(24,514)	-	(24,514)
Total Fund Balances	4,409,252	3,994,655	5,119,112	2,844,754	11,958,521	3,598,759	-	(24,514)	515,969	19,942,018
Total Liabilities and Fund Balances	\$ 4,409,252	\$ 3,994,655	\$ 5,199,125	\$ 3,128,983	\$ 16,732,015	\$ 3,662,989	\$ 16,899	\$ 28,312	\$ 3,708,200	\$ 20,440,215

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds					Capital Projects Funds				
	Classroom Site Fund	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Total Special Revenue Funds	Adjacent Ways Fund	Bond Building Fund	School Facilities Board Fund	Total Capital Projects Funds	Non-Major Governmental Funds
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 880,372	\$ -	\$ -	\$ 880,372	\$ 880,372
Intergovernmental	5,707,077	622,030	-	4,914,831	11,243,938	-	-	927,803	927,803	12,171,741
Food Services Sales	-	-	-	649,043	649,043	-	-	-	-	649,043
Community Schools	-	-	2,690,810	-	2,690,810	-	-	-	-	2,690,810
Student activities	-	-	40,704	-	40,704	-	-	-	-	40,704
Rental Income	-	-	104,743	-	104,743	-	-	-	-	104,743
Contributions and donations	-	-	108,590	-	108,590	-	-	-	-	108,590
Investment earnings	74,441	63,932	53,044	48,016	239,433	47,699	-	-	47,699	287,132
Other	-	-	6,061	25,784	31,845	-	-	-	-	31,845
Total Revenues	5,781,518	685,962	3,003,952	5,637,674	15,109,106	928,071	-	927,803	1,855,874	16,964,980
EXPENDITURES										
Current										
Instruction	5,357,649	12,981	90,039	-	5,460,669	-	-	-	-	5,460,669
Support services:										
Students	21,480	-	47,557	-	69,037	-	-	-	-	69,037
Instructional staff	157	-	-	-	157	-	-	-	-	157
School administration	-	-	77,380	-	77,380	-	-	-	-	77,380
Business and other support services	-	-	1,800	14,814	16,614	-	740,131	-	740,131	756,745
Operations and maintenance of plant	-	-	7,707	69,662	77,369	-	-	132,316	132,316	209,685
Student transportation	-	-	19,501	-	19,501	-	450,644	-	450,644	470,145
Operations of noninstructional services	-	-	245,215	5,528,263	5,773,478	-	-	-	-	5,773,478
Capital outlay:										
Facilities acquisition	-	-	-	47,388	47,388	6,905	326,330	740	333,975	381,363
Total Expenditures	5,379,286	12,981	641,271	5,660,127	6,314,379	6,905	1,517,105	133,056	1,657,066	13,350,731
Excess (Deficiency) of Revenues Over Expenditures	402,232	672,981	2,362,681	(22,453)	3,415,441	921,166	(1,517,105)	794,747	198,808	3,614,249
Other Financing Sources (Uses)										
Transfers out	-	-	-	(413,407)	(413,407)	-	-	-	-	(413,407)
NET CHANGE IN FUND BALANCE	402,232	672,981	2,362,681	(435,860)	3,002,034	921,166	(1,517,105)	794,747	198,808	3,200,842
Fund Balance - Beginning	4,007,020	3,321,674	2,756,431	3,280,614	13,365,739	2,677,593	1,517,105	(819,261)	3,375,437	16,741,176
Fund Balance - Ending	\$ 4,409,252	\$ 3,994,655	\$ 5,119,112	\$ 2,844,754	\$ 16,367,773	\$ 3,598,759	\$ -	\$ (24,514)	\$ 3,574,245	\$ 19,942,018

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
CLASSROOM SITE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 5,707,077	\$ 5,707,077
Investment earnings	-	-	74,441	74,441
Total Revenues	-	-	5,781,518	5,781,518
EXPENDITURES				
Regular education:				
Instruction	8,999,587	8,887,476	4,819,447	4,068,029
Support services - students	31,131	30,743	16,671	14,072
Support services - instructional staff	293	290	157	133
Total regular education	9,031,011	8,918,509	4,836,275	4,082,234
Special education:				
Instruction	1,005,011	992,491	538,202	454,289
Support services - students	8,980	8,868	4,809	4,059
Total special education	1,013,991	1,001,359	543,011	458,348
Total Expenditures	10,045,002	9,919,868	5,379,286	4,540,582
Excess (Deficiency) of Revenues				
Over Expenditures	(10,045,002)	(9,919,868)	402,232	10,322,100
Fund Balance - Beginning	-	-	4,007,020	4,007,020
Fund Balance - Ending	\$ (10,045,002)	\$ (9,919,868)	\$ 4,409,252	\$ 14,329,120

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
INSTRUCTIONAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Variances -	
	Original	Final	Actual	Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 622,030	\$ 622,030
EXPENDITURES				
Regular education:				
Instruction	3,435,414	3,435,414	12,981	3,422,433
Total Expenditures	3,435,414	3,435,414	12,981	3,422,433
Excess (Deficiency) of Revenues				
Over Expenditures	(3,435,414)	(3,435,414)	672,981	4,108,395
Fund Balance - Beginning	-	-	3,321,674	3,321,674
Fund Balance - Ending	\$ (3,435,414)	\$ (3,435,414)	\$ 3,994,655	\$ 7,430,069

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Variances -	
	Original	Final	Actual	Final to Actual
REVENUES				
Community Schools	\$ -	\$ -	\$ 2,690,810	\$ 2,690,810
Student Activities	-	-	40,704	40,704
Rentals	-	-	104,743	104,743
Contributions and Donations	-	-	108,590	108,590
Investment earnings	-	-	53,044	53,044
Other	-	-	6,061	6,061
Total Revenues	-	-	3,003,952	3,003,952
EXPENDITURES				
Regular education:				
Instruction	37,729	38,253	8,434	29,819
Support services - students	24,971	25,319	5,582	19,737
Support services - general administration	680,287	689,763	152,072	537,691
Support services - school administration	346,156	350,978	77,380	273,598
Support services - central services	8,052	8,164	1,800	6,364
Operations and maintenance of plant	34,477	34,957	7,707	27,250
Operation of noninstructional services	1,086,132	1,101,262	242,795	858,467
School sponsored cocurricular activities	500,575	507,548	111,899	395,649
School sponsored athletics	52,254	52,982	11,681	41,301
Total regular education	2,770,633	2,809,226	619,350	2,189,876
Special education:				
Operation of noninstructional services	10,826	10,977	2,420	8,557
Pupil transportation:				
Student transportation services	87,237	88,452	19,501	68,951
Total Expenditures	2,868,696	2,908,655	641,271	2,267,384
Excess (Deficiency) of Revenues				
Over Expenditures	(2,868,696)	(2,908,655)	2,362,681	5,271,336
Fund Balance - Beginning	-	-	2,756,431	2,756,431
Fund Balance - Ending	\$ (2,868,696)	\$ (2,908,655)	\$ 5,119,112	\$ 8,027,767

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 4,914,831	\$ 4,914,831
Food service sales	-	-	649,043	649,043
Investment earnings	-	-	48,016	48,016
Other	-	-	25,784	25,784
Total Revenues	-	-	5,637,674	5,637,674
EXPENDITURES				
Regular education:				
Support services - central services	13,963	13,963	14,814	(851)
Operations and maintenance of plant	65,661	65,661	69,662	(4,001)
Operation of noninstructional services	5,210,710	5,210,710	5,528,263	(317,553)
Total regular education	5,290,334	5,290,334	5,612,739	(322,405)
Capital outlay:				
Facilities acquisition	44,666	44,666	47,388	(2,722)
Total Expenditures	5,335,000	5,335,000	5,660,127	(325,127)
Excess (Deficiency) of Revenues Over Expenditures	(5,335,000)	(5,335,000)	(22,453)	5,312,547
Other Financing Sources (Uses):				
Transfers out	-	-	(413,407)	(413,407)
NET CHANGE IN FUND BALANCE	(5,335,000)	(5,335,000)	(435,860)	4,899,140
Fund Balance - Beginning	-	-	3,280,614	3,280,614
Fund Balance - Ending	\$ (5,335,000)	\$ (5,335,000)	\$ 2,844,754	\$ 8,179,754

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
ADJACENT WAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 880,372	\$ 880,372
Investment earnings	-	-	47,699	47,699
Total Revenues	-	-	928,071	928,071
EXPENDITURES				
Capital outlay:				
Facilities acquisition	3,500,000	3,500,000	6,905	3,493,095
Excess (Deficiency) of Revenues				
Over Expenditures	(3,500,000)	(3,500,000)	921,166	4,421,166
Fund Balance - Beginning	-	-	2,677,593	2,677,593
Fund Balance - Ending	\$ (3,500,000)	\$ (3,500,000)	\$ 3,598,759	\$ 7,098,759

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
BOND BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Variances -	
	Original	Final	Actual	Final to Actual
EXPENDITURES				
Pupil transportation:				
Student transportation services	- \$	- \$	450,644	\$ (450,644)
Capital outlay				
Facilities acquisition	-	-	326,330	(326,330)
Total Expenditures	-	-	1,517,105	(1,517,105)
Excess (Deficiency) of Revenues				
Over Expenditures	-	-	(1,517,105)	(1,517,105)
Fund Balance - Beginning	-	-	1,517,105	1,517,105
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHOOL FACILITIES BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances - Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 927,803	\$ 927,803
EXPENDITURES				
Regular education:				
Operations and maintenance of plant	944,717	944,717	132,316	812,401
Capital outlay				
Facilities acquisition	5,283	5,283	740	4,543
Total Expenditures	<u>950,000</u>	<u>950,000</u>	<u>133,056</u>	<u>816,944</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(950,000)	(950,000)	794,747	1,744,747
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>(819,261)</u>	<u>(819,261)</u>
Fund Balance - Ending	<u>\$ (950,000)</u>	<u>\$ (950,000)</u>	<u>\$ (24,514)</u>	<u>\$ 925,486</u>

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	4,312,939	\$ 4,312,939
Investment earnings	-	-	57,951	57,951
Total Revenues	-	-	4,370,890	4,370,890
EXPENDITURES				
Debt service				
Principal retirement	3,210,659	3,210,659	3,325,000	(114,341)
Interest and fiscal charges	668,541	668,541	692,350	(23,809)
Total debt service	3,879,200	3,879,200	4,017,350	(138,150)
Total Expenditures	3,879,200	3,879,200	4,017,350	(138,150)
Excess (Deficiency) of Revenues				
Over Expenditures	(3,879,200)	(3,879,200)	353,540	4,232,740
Fund Balance - Beginning	-	-	162,429	162,429
Fund Balance - Ending	\$ (3,879,200)	\$ (3,879,200)	\$ 515,969	\$ 4,395,169

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

This section of the Laveen Elementary School District No. 59's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity: These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

Governmental Activities	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position:										
Net investment in capital assets	\$ 105,876,362	\$ 105,899,689	\$ 106,408,086	\$ 106,143,765	\$ 91,575,897	\$ 88,588,728	\$ 86,004,457	\$ 82,731,890	\$ 77,144,161	\$ 77,094,532
Restricted	31,756,961	32,161,109	25,247,051	33,890,637	17,912,880	15,744,917	14,463,775	13,373,260	21,354,741	14,200,936
Unrestricted	(15,602,651)	(29,430,491)	(25,293,371)	(37,736,994)	(29,724,638)	(31,752,263)	(30,327,242)	(25,782,346)	(28,680,206)	11,375,385
Total	\$ 122,030,672	\$ 108,630,307	\$ 106,361,766	\$ 102,297,408	\$ 79,764,139	\$ 72,581,382	\$ 70,140,990	\$ 70,322,804	\$ 69,818,696	\$ 102,670,853

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
EXPENSES, PROGRAM REVENUES, AND NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Instruction	\$ 46,747,529	\$ 44,566,738	\$ 41,069,465	\$ 37,710,660	\$ 31,896,936	\$ 29,987,528	\$ 30,137,170	\$ 27,176,179	\$ 23,455,186	\$ 24,187,850
Support Services - students and staff	11,834,814	10,326,609	10,050,608	9,089,715	8,097,643	7,495,912	7,444,518	6,412,891	5,976,815	5,743,662
Support Services - administration	6,182,446	18,919,512	11,649,356	11,190,012	6,074,448	5,974,722	6,195,727	5,700,946	5,595,430	4,007,413
Operation and Maintenance of plant services	9,318,170	8,155,706	8,522,086	7,431,747	6,649,428	5,937,661	5,353,614	4,590,638	4,115,886	4,108,060
Student transportation services	4,462,398	3,518,573	3,187,549	3,020,035	2,938,178	2,694,458	2,777,768	3,259,793	1,772,323	2,052,112
Operation of non-instructional services	7,710,564	6,426,753	5,410,489	5,970,132	5,410,916	4,693,387	4,313,900	3,904,515	3,521,574	3,156,879
Interest on long-term debt	574,261	670,839	758,542	365,398	490,760	559,003	565,929	702,185	578,503	527,433
Total expenses	86,830,182	92,584,730	80,648,095	74,777,699	61,558,309	57,342,671	56,788,626	51,747,147	45,015,717	43,783,409
Program revenues:										
Charges for services:										
Instruction and support services	1,927,076	7,577,095	8,002,733	189	54,659	60,143	61,117	878,370	771	110,603
Operation of noninstructional services	1,724,233	1,858,756	1,233,469	10,910,362	2,539,900	2,130,652	1,755,353	647,869	1,283,933	1,268,516
Operating grants and contributions	26,560,331	23,843,102	17,658,670	13,354,869	12,955,550	10,149,757	9,773,966	9,332,557	8,390,588	8,583,450
Capital grants and contributions	-	455,493	629,579	14,719,534	416,139	72,629	141,311	7,600	-	301,586
Total program revenues	30,211,640	33,734,446	27,524,451	38,984,954	15,966,248	12,413,181	11,731,747	10,866,396	9,675,292	10,264,155
Net expense	\$ (56,618,542)	\$ (58,850,284)	\$ (53,123,644)	\$ (35,792,745)	\$ (45,592,061)	\$ (44,929,490)	\$ (45,056,879)	\$ (40,880,751)	\$ (35,340,425)	\$ (33,519,254)

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Expense and other changes	\$ (56,618,542)	\$ (58,850,284)	\$ (53,123,644)	\$ (35,792,745)	\$ (45,592,061)	\$ (44,929,490)	\$ (45,056,879)	\$ (40,880,751)	\$ (35,340,425)	\$ (33,519,254)
General revenues:										
Property taxes:	20,520,852	18,284,526	17,416,936	18,044,461	16,075,807	15,438,514	14,312,580	12,159,441	11,535,484	11,376,590
State Equalization and Additional State Aid	48,308,547	38,186,778	34,776,546	35,733,548	32,536,364	28,226,113	27,024,013	25,946,034	23,082,300	22,136,523
County Equalization	47,591	3,704,428	3,589,002	3,317,908	3,248,032	3,074,523	2,876,527	2,624,717	2,397,466	2,208,320
Investment Earnings	858,007	330,339	527,380	653,824	387,438	180,601	101,685	90,995	105,146	84,953
Other	283,900	612,764	515,542	576,273	557,177	420,131	560,260	563,372	542,469	508,485
Total general revenues	70,018,897	61,118,835	56,825,406	58,326,014	52,804,818	47,339,882	44,875,065	41,384,559	37,662,865	36,314,871
Changes in net position	\$ 13,400,355	\$ 2,268,551	\$ 3,701,762	\$ 22,533,269	\$ 7,212,757	\$ 2,410,392	\$ (181,814)	\$ 503,808	\$ 2,322,440	\$ 2,795,617

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nondisposable	\$ -	\$ -				\$ 400,879	\$ -	\$ 342,613	\$ 305,500	\$ 285,352
Unassigned	32,737,069	10,261,084	10,222,424	9,000,836	7,474,234	5,595,855	5,516,013	9,153,526	6,714,845	10,453,666
Total General Fund	32,737,069	10,261,084	10,222,424	9,000,836	7,474,234	5,996,734	5,516,013	9,496,139	7,020,345	10,739,018
All other governmental funds:										
Nondisposable	-	-	-	-	-	12,049	-	-	-	-
Restricted	23,069,816	33,678,214	31,375,090	33,890,637	17,912,880	15,744,917	14,463,775	13,373,260	21,354,741	14,200,936
Assigned	-	-	-	-	-	-	-	-	-	1,015,096
Unassigned	(24,514)	(820,556)	(405,102)	(2,802,749)	(336,655)	(550)	(1,137)	-	-	-
Total all other governmental funds	23,045,302	32,857,658	30,969,988	31,087,888	17,576,225	15,756,416	14,462,638	13,373,260	21,354,741	15,216,032
Total all governmental funds	\$ 55,782,371	\$ 43,118,742	\$ 41,192,412	\$ 40,088,724	\$ 25,050,459	\$ 21,753,150	\$ 19,978,651	\$ 22,869,399	\$ 28,375,086	\$ 25,955,050

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
REVENUES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Property Taxes	\$ 20,761,704	\$ 18,279,678	\$ 17,446,975	\$ 18,007,302	\$ 16,185,167	\$ 15,407,746	\$ 13,992,707	\$ 12,318,391	\$ 11,632,190	\$ 11,456,594
Intergovernmental	75,326,936	65,092,166	58,820,492	64,131,039	47,446,627	41,299,976	39,200,011	37,697,365	33,784,828	33,002,664
Tuition	-	-	31,983	-	20,150	18,508	13,075	10,900	27,183	38,908
Food Service Sales	649,043	41,165	12,315	455,494	558,653	484,161	479,012	461,861	392,799	391,445
Charges for Services	3,002,266	1,865,401	1,291,517	2,395,417	2,015,756	1,688,126	1,803,395	1,526,239	771	776,675
Contributions and Donations	682,726	435,310	78,545	342,035	1,234,889	56,061	69,130	195,546	-	184,951
Investment Earnings	810,803	309,090	496,001	605,849	387,438	180,601	101,685	90,995	105,146	84,953
Other	283,900	733,791	541,009	236,664	715,291	573,571	627,924	108,608	1,491,946	722,840
Total Revenue	101,517,378	\$ 86,756,601	\$ 78,718,837	\$ 86,173,800	\$ 68,563,971	\$ 59,708,750	\$ 56,286,939	\$ 52,409,905	\$ 47,434,863	\$ 46,659,030

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenditures:										
Current:										
Instruction	\$ 42,489,702	\$ 40,449,931	\$ 36,390,926	\$ 33,188,023	\$ 29,518,730	\$ 26,503,595	\$ 26,587,457	\$ 24,222,824	\$ 20,921,225	\$ 21,111,554
Support services - students and staff	11,342,840	9,920,338	9,507,114	8,477,937	8,126,951	7,141,753	7,161,234	6,181,469	5,810,811	5,720,915
Support services - administration	8,898,212	8,562,316	6,501,839	6,058,912	5,853,534	5,508,352	5,809,543	5,348,933	5,359,735	3,848,243
Operation and maintenance of plant services	8,641,182	7,563,216	7,749,870	6,796,176	6,153,749	6,183,185	4,875,186	4,522,687	4,083,237	4,342,379
Student transportation services	4,331,506	2,830,118	2,446,021	2,413,169	2,525,186	2,365,813	2,475,952	3,138,423	1,730,345	1,795,902
Operation of non-instructional services	7,577,932	6,270,691	5,161,357	5,753,126	5,455,668	4,551,196	4,171,528	3,792,973	3,452,761	3,080,174
Debt Service:										
Principal retirement	3,501,687	3,266,959	3,357,357	3,222,877	3,103,518	2,729,275	2,555,146	1,626,128	1,442,217	1,338,410
Interest, premium and fiscal charges	709,967	806,545	894,247	832,893	563,217	631,460	681,814	740,967	613,361	561,628
Bond Issuance Costs	-	-	-	247,611	-	-	-	164,908	-	-
Facilities Acquisition:	1,360,721	5,160,157	5,969,014	19,254,886	3,553,181	2,732,550	4,517,214	16,113,118	9,553,198	4,009,673
Total expenditures	\$ 88,853,749	\$ 84,830,271	\$ 77,977,745	\$ 86,245,610	\$ 64,853,734	\$ 58,347,179	\$ 58,835,074	\$ 65,852,430	\$ 52,966,890	\$ 45,808,878
Debt service as a percentage of noncapital expenditure	4.92%	4.80%	5.45%	4.99%	5.65%	5.76%	5.50%	3.84%	3.88%	4.15%

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Excess (deficiency) of revenues over expenditures	\$ 12,663,629	\$ 1,926,330	\$ 741,092	\$ (71,810)	\$ 3,710,237	\$ 1,361,571	\$ (2,548,135)	\$ (13,442,525)	\$ (5,532,027)	\$ 850,152
Over financing sources (uses):										
Issuance of Long-Term Debt	-	-	-	15,180,000	-	-	-	10,340,000	7,675,000	-
Payment to Refund Bond Escrow Agent	-	-	-	(1,980,818)	-	-	-	(2,954,017)	-	-
Change in reserve for prepaids	-	-	-	-	-	-	-	-	-	285,352
Premium on Sale of Bonds	-	-	-	2,057,822	-	-	-	513,742	256,915	-
Transfers in	731,598	959,994	668,737	263,846	1,902,975	626,708	292,429	564,692	564,692	1,306,779
Transfers out	(731,598)	(959,994)	(668,737)	(410,775)	(1,902,975)	(626,708)	(292,429)	(564,692)	(564,692)	(1,306,779)
Total other financing sources (uses)	-	-	-	15,110,075	-	-	-	7,899,725	7,931,915	285,352
Changes in fund balances	\$ 12,663,629	\$ 1,926,330	\$ 741,092	\$ 15,038,265	\$ 3,710,237	\$ 1,361,571	\$ (2,548,135)	\$ (5,542,800)	\$ 2,399,888	\$ 1,135,504

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
LIMITED PROPERTY AND NET FULL CASH ASSESSED VALUE BY PROPERTY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Property Classification (a)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Commercial, Industrial, Utilities and Mining	18%	18%	18%	18%	18%	18%	18%	19%	19%	20%
Agricultural and Vacant	15%	15%	15%	15%	15%	15%	15%	16%	16%	16%
Residential (Owner Occupied)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Residential (Rental)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Railroad, Private Cars and Airlines	15%	15%	15%	15%	14%	15%	14%	15%	16%	15%
Historical Property	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Commercial Historic Property	19%	20%	20%	20%	20%	20%	20%	20%	20%	21%
Certain Federal, State, County, or Municipal Property	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
LIMITED PROPERTY VALUE										
Class	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Commercial, Industrial, Utilities and Mining	\$ 42,912,509	\$ 43,290,939	\$ 39,513,833	\$ 37,059,586	\$ 34,842,318	\$ 33,430,480	\$ 32,356,535	\$ 29,849,166	\$ 27,783,306	\$ 30,895,977
Agricultural and Vacant	16,394,039	13,341,755	12,007,535	10,137,335	9,562,088	9,685,336	9,437,271	10,490,205	11,527,381	12,603,269
Residential (Owner Occupied)	174,222,683	157,508,999	149,286,555	138,047,544	127,969,888	117,204,148	107,394,808	99,032,445	93,562,942	86,994,042
Residential (Rental)	64,409,468	53,126,630	50,603,933	49,120,576	45,740,360	45,027,942	42,756,748	41,214,117	37,438,507	31,035,724
Certain Government Property Improvements	77,605	73,909	70,390	67,061	63,868	59,569	56,732	44,723	53,692	-
Totals	\$ 298,016,304	\$ 267,342,232	\$ 251,482,246	\$ 234,432,102	\$ 218,178,522	\$ 205,407,475	\$ 192,002,094	\$ 180,630,656	\$ 170,365,828	\$ 161,529,012
FULL CASH VALUE										
Class	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Commercial, Industrial, Utilities and Mining	\$ 56,258,305	\$ 57,837,168	\$ 1,064,447,596	\$ 994,338,757	\$ 904,818,557	\$ 844,412,181	\$ 781,951,167	\$ 709,189,824	\$ 676,549,865	\$ 675,117,708
Agricultural and Vacant	40,246,050	29,371,822	142,266,192	126,232,723	127,960,158	132,967,026	109,066,051	111,461,318	82,783,936	79,498,521
Residential (Owner Occupied)	279,467,277	252,697,729	1,882,425,632	1,752,662,070	1,657,836,437	1,527,819,973	1,463,683,853	1,392,770,513	1,126,038,005	996,582,630
Residential (Rental)	109,304,840	90,401,824	667,362,401	623,724,226	544,014,388	498,507,800	458,283,798	415,033,666	317,314,091	246,020,647
Certain Government Property Improvements	108,729	106,839	15,204	15,535	12,771	29,437	51,056	44,921	67,670	70,129
Totals	\$ 485,385,201	\$ 430,415,382	\$ 3,756,517,025	\$ 3,496,973,311	\$ 3,234,642,311	\$ 3,003,736,417	\$ 2,813,035,925	\$ 2,628,500,242	\$ 2,202,753,567	\$ 1,997,289,635
Gross Full Cash Value	\$5,228,699,669	\$4,619,168,918	\$4,178,794,435	\$3,711,105,273	\$3,575,421,143	\$3,086,180,430	\$3,086,180,430	\$2,588,192,002	\$1,993,499,915	\$1,740,169,651

Source: The District's records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	District Direct Rates			Overlapping Rates					
	Primary	Secondary	Total	State Equalization	County	Flood Control District	Maricopa Community College	Phoenix Union High School District #210	City of Phoenix
2023	2.06	5.21	7.27	0.00	1.25	0.16	1.19	4.61	2.11
2022	2.23	5.14	7.37	0.43	1.35	0.18	1.23	4.72	2.12
2021	2.02	5.50	7.52	0.43	1.40	0.18	1.29	4.83	2.13
2020	2.38	5.84	8.22	0.46	1.40	0.18	1.29	4.99	2.13
2019	2.47	5.53	8.00	0.47	1.40	0.18	1.38	5.20	2.14
2018	2.56	5.48	8.04	0.49	1.40	0.18	1.41	5.03	2.16
2017	2.57	5.33	7.90	0.50	1.40	0.18	1.24	5.07	2.17
2016	2.46	4.92	7.38	0.51	1.36	0.16	1.49	4.96	1.82
2015	2.51	4.49	7.00	0.51	1.32	0.14	1.52	4.62	1.82
2014	2.94	4.70	7.64	0.51	1.28	0.14	1.53	4.82	1.82

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEAR ENDED JUNE 30, 2023, AND 2014
(UNAUDITED)

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
South Mountain Retail LLC	\$ 3,470,620	1	1.04 %	\$ 2,322,801	2	1.28 %
LB 59th LLC	2,338,310	2	0.70	-	-	-
Walmart Inc	2,190,605	3	0.66	3,115,255	1	1.71
Tradewinds Capital LP	2,154,308	4	0.65	-	-	-
HH-Laveen LLC	2,039,328	5	0.61	2,269,715	3	1.25
NPC South Mountain LLC	1,724,809	6	0.52	-	-	-
Home Depot USA Inc	1,656,955	7	0.50	1,509,582	5	0.83
Villaveen LLC	1,393,811	8	0.42	-	-	-
ARB Investments	1,297,954	9	0.39	-	-	-
HBT of Laveen LLC	1,250,330	10	0.38	-	-	-
Freo Arizona LLC	-	-	-	1,705,300	4	0.94
Smiths Food & Drug Centers Inc	-	-	-	1,415,113	6	0.78
Randall Food & Drugs	-	-	-	1,411,051	7	0.78
Passco Laveen S LLC / Et Al	-	-	-	1,380,767	8	0.76
Richmond American Homes of Arizona Inc	-	-	-	1,298,490	9	0.71
American Residential Leasing Company LLC	-	-	-	1,063,340	10	0.59
Totals	<u>\$ 19,517,030</u>		<u>5.87 %</u>	<u>\$ 17,491,414</u>		<u>9.63 %</u>

Source: The Maricopa County Assessor's Office.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	Current Collections		Percentage of Current Taxes Collected	Delinquent Tax Collections (1)	Total Collections	Collections as a Percentage of the Levy	Outstanding Tax Collections	Outstanding Collections as a Percentage of the Levy
	Taxes Levied for the Fiscal Year (1)	Current Tax Collections (1)						
2023	\$ 21,626,540	\$ 20,973,235	96.98%	-	\$ 20,973,235	96.98%	\$ 653,305	3.02%
2022	19,585,573	18,990,041	96.96%	585,438	19,575,479	99.95%	10,094	0.05%
2021	18,889,028	18,330,995	97.05%	550,465	18,881,460	99.96%	7,568	0.04%
2020	19,222,418	18,575,501	96.63%	6,213,601	24,789,102	128.96%	9,331	0.05%
2019	17,519,335	16,910,340	96.52%	1,225,621	18,135,961	103.52%	7,300	0.04%
2018	16,448,370	15,797,497	96.04%	6,089,451	21,886,948	133.06%	7,826	0.05%
2017	15,073,063	14,463,710	95.96%	6,999,186	21,462,896	142.39%	5,786	0.04%
2016	13,324,273	13,079,040	98.16%	1,599,731	14,678,771	110.17%	3,874	0.03%
2015	12,400,002	11,656,717	94.01%	3,832,454	15,489,171	124.91%	3,411	0.03%
2014	12,375,293	11,431,522	92.37%	5,308,000	16,739,522	135.27%	3,662	0.03%

Source: Maricopa County Treasurer's records and District records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amount Restricted for	Total	Percentage of Gross		Financed Purchases	Total	Percentage of			
		Principal		Full Cash Value	Per Capita			Full Cash Value	Per Capita	Percentage of Personal Income	
2023	\$ 17,089,465	\$ 515,969	\$ 16,573,496	0.32%	\$ 295	\$ 463,919	\$ 17,553,384	0.34%	\$ 313	6.08%	
2022	23,667,959	162,429	23,505,530	0.51%	381	640,606	24,308,565	0.53%	394	9.05%	
2021	27,037,400	231,375	26,806,025	0.64%	442	812,565	27,849,965	0.67%	459	11.36%	
2020	30,276,840	342,416	29,934,424	0.81%	543	979,922	31,256,762	0.84%	567	14.02%	
2019	18,280,729	193,932	18,086,797	0.51%	334	11,422,799	29,703,528	0.83%	549	14.12%	
2018	20,949,133	366,351	20,582,782	0.67%	386	1,301,317	22,250,450	0.72%	417	11.34%	
2017	23,447,537	113,450	23,334,087	0.76%	433	1,455,592	24,903,129	0.81%	463	14.19%	
2016	25,064,369	307,330	24,757,039	0.96%	460	1,605,738	26,670,107	1.03%	495	15.20%	
2015	18,582,654	185,897	18,396,757	0.92%	311	1,751,866	20,334,520	1.02%	344	11.37%	
2014	11,885,597	93,940	11,791,657	0.68%	207	1,894,083	13,779,680	0.79%	242	8.18%	

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2023
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Maricopa Community College District	\$ 135,585,000	0.61 %	\$ 827,069
City of Phoenix	719,495,000	1.76	12,663,112
Phoenix Union High School District No. 210	311,715,000	5.14	16,022,151
Subtotal, Overlapping Debt			29,512,332
Laveen Elementary School District No. 59	16,573,496	100.00	16,573,496
Total Direct and Overlapping Debt			<u>\$ 46,085,828</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIO

Net directed general obligation bonded debt	
as a percentage of net limited property value for secondary tax purposes	5.56%
Net direct and overlapping general bonded debt	
per capita	\$ 726.21
as a percentage of net limited property value for secondary tax purposes	15.46%
as a percentage of net full cash value	9.49%

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

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Class B Bond Legal Debt Margin Calculation:

Net full cash assessed value	\$ 485,385,201
	10%
Debt limit (10% of assessed value)	48,538,520
Less: Net debt applicable to limit	17,553,384
Legal debt margin	\$ 30,985,136

Legal Debt Margin Calculation:

Net full cash assessed value	\$ 485,385,201
	15%
Debt limit (15% of assessed value)	72,807,780
Less: Net debt applicable to limit	17,553,384
Legal debt margin	\$ 55,254,396

Fiscal Year Ended June 30

	2023	2022	2021	2020	2019
Debt Limit	\$ 72,807,780	\$ 64,562,307	\$ 58,257,835	\$ 52,020,551	\$ 47,254,507
Less: Net debt applicable to limit	17,553,384	21,895,000	25,085,000	30,090,000	17,855,000
Legal debt margin	\$ 55,254,396	\$ 42,667,307	\$ 33,172,835	\$ 21,930,551	\$ 29,399,507
Total debt applicable to the limit as percentage of debt limit	24%	34%	43%	58%	38%

Fiscal Year Ended June 30

	2018	2017	2016	2015	2014
Debt Limit	\$ 42,021,279	\$ 36,478,967	\$ 94,988,820	\$ 89,667,952	\$ 102,647,235
Less: Net debt applicable to limit	22,835,000	24,315,000	18,175,000	11,700,000	13,675,000
Legal debt margin	\$ 19,186,279	\$ 12,163,967	\$ 76,813,820	\$ 77,967,952	\$ 88,972,235
Total debt applicable to the limit as percentage of debt limit	54%	67%	19%	13%	13%

Source: District records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Estimated District Population	Personal Income (thousands)	Per Capita Personal Income	Unemployment Rate	County Population
2023	56,155	\$ 288,844,265	63,461	3.9%	4,551,524
2022	61,666	268,711,602	59,759	3.3%	4,507,419
2021	60,623	245,077,753	55,440	4.3%	4,506,505
2020	55,112	222,943,017	49,704	4.3%	4,436,908
2019	54,149	210,370,180	47,694	3.7%	4,366,583
2018	53,323	196,286,191	46,495	4.1%	4,315,600
2017	53,838	175,437,829	42,406	4.7%	4,233,300
2016	53,838	175,437,829	43,037	5.1%	4,152,800
2015	59,138	178,871,199	41,222	5.2%	4,063,700
2014	56,909	168,483,421	40,003	6.0%	3,944,859

Sources: Estimated information has been obtained from Personal Income and Per Capita information is from the Bureau of Economic Analysis, University of Arizona, azeconomy.org, the Bureau of Labor Statistics and the Federal Reserve Bank of St. Louis. The source of the Population and Unemployment rate is the State of Arizona, Department of Economic Security and Maricopa County. The source of the estimated district population is the Maricopa County, the U.S. Census Bureau, School District Demographic System and District Estimates and National Center for Education Statistics.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
PRINCIPAL EMPLOYERS
FISCAL YEAR ENDING JUNE 30, 2023 AND NINE YEARS PRIOR
(UNAUDITED)

	2023	
Employer	Approximate Number of Employees	Percentage of Total Employment
Banner Health	28,740	1.56%
State of Arizona	25,640	1.39%
Walmart Stores, Inc.	20,080	1.09%
Amazon	18,780	1.02%
Fry's Food Stores	15,620	0.85%
Wells Fargo	13,960	0.76%
Maricopa County	12,730	0.69%
Intel Corporation	11,810	0.64%
Arizona State University	11,360	0.62%
City of Phoenix	10,430	0.57%
	<u>169,150</u>	<u>9.19%</u>

	2014	
Employer	Approximate Number of Employees	Percentage of Total Employment
State of Arizona	49,278	2.59%
Walmart Inc.	32,169	1.69%
Banner Health	25,270	1.33%
City of Phoenix	14,983	0.79%
Wells Fargo Bank	14,713	0.77%
Maricopa County	12,698	0.67%
Arizona State University	12,222	0.64%
Intel Corp	11,900	0.63%
JP Morgan Chase & Co	11,042	0.58%
Bank of America	11,000	0.58%
	<u>195,275</u>	<u>10.27%</u>

Source for the 2023 list: Maricopa Association of Governments

Source for the 2014 list: The Phoenix Business Journal Book of Lists (for Maricopa County)

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Supervisory										
Principals	9	9	9	8	8	8	7	7	7	7
Assistant principals	9	9	9	8	8	8	7	7	7	7
Total supervisory	18	18	18	16	16	16	14	14	14	14
Instruction										
Teachers	410	417	384	366	347	335	339	321	293	306
Instructional Aides	120	168	125	113	100	87	77	73	96	56
Total Instruction	530	585	509	479	447	422	416	394	389	362
Student Services										
Librarians	5	7	7	6	6	6	6	5	7	7
Other Professionals (noninstructional)	44	81	72	81	50	51	97	29	29	21
Total Student services	49	88	79	87	56	57	103	34	36	28
Support and Administration										
Service Workers	245	311	264	235	221	217	162	171	178	174
Total support and administration	245	311	264	235	221	217	162	171	178	174
Total full-time equivalent employees	842	1,002	870	817	740	712	695	613	617	578

Source: The District's personnel records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Average Daily Membership</u>
2022-23	7,160
2021-22	6,957
2020-21	6,770
2019-20	6,905
2018-19	6,836
2017-18	6,587
2016-17	6,470
2015-16	6,275
2014-15	6,029
2013-14	5,768

Source: The Arizona Department of Education.

Source: The Arizona Department of Education.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	Enrollment	Maintenance and Operating Expenditures	Cost per Pupil	% Change Cost per Pupil	Teaching Staff	Pupil - Teacher Ratio	% of Free & Reduced Students
2023	7,160	83,281,374	11,631	7.04%	410	17.5	71.5%
2022	6,957	75,596,610	10,866	8.57%	417	16.7	71.2%
2021	6,770	67,757,127	10,008	9.81%	384	17.6	71.2%
2020	6,905	62,934,954	9,114	8.11%	366	18.9	69.2%
2019	6,836	57,633,818	8,431	6.28%	347	19.7	69.2%
2018	6,587	52,253,894	7,933	0.48%	335	19.7	72.0%
2017	6,470	51,080,900	7,895	4.94%	339	19.1	75.7%
2016	6,275	47,207,309	7,523	9.67%	321	19.5	77.4%
2015	6,029	41,358,114	6,860	-0.83%	293	20.6	82.2%
2014	5,768	39,899,167	6,917	6.83%	306	18.8	81.2%

Source: The District's financial records.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Schools:</u>										
Elementary/Middle:										
Buildings	36	36	35	33	33	33	32	30	29	29
Square feet	735,286	735,286	735,286	716,449	716,449	716,449	709,905	613,637	594,429	594,429
Capacity	9,222	9,222	9,222	8,067	8,067	8,067	7,296	6,346	6,346	6,346
Enrollment	7,116	6,807	7,119	7,413	6,587	6,532	7,462	6,659	6,357	6,247
Administrative:										
Buildings	5	5	5	5	5	5	7	7	8	8
Square feet	60,812	60,812	60,812	60,812	60,812	60,812	46,526	46,526	42,090	42,090
Transportation:										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	44	43	43	43	36	36	28	28	23	23

Source: The District's records and the School Facilities Board.



See what's possible.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59

SINGLE AUDIT REPORT

Fiscal Year Ended June 30, 2023

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SINGLE AUDIT REPORT
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YEAR ENDED JUNE 30, 2023

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Governing Board of
Laveen Elementary School District No. 59
Laveen, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laveen Elementary School District No. 59 (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Mesa, Arizona
December 29, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board of
Laveen Elementary School District No. 59
Laveen, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Laveen Elementary School District No. 59's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

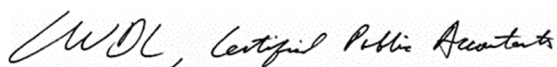
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 29, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Mesa, Arizona
December 29, 2023

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Additional Award Identification (Optional)	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture:					
<i>Passed through The Arizona Department of Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553		7AZ300AZ3	\$ 759,414	\$ -
National School Lunch Program	10.555		7AZ300AZ3	3,516,557	-
Supply Chain Assistance	10.555	COVID-19	7AZ300AZ3	281,729	-
Commodities - Food Distribution Noncash	10.555		7AZ300AZ3	230,512	-
Summer Food Service Program	10.559		7AZ300AZ3	126,619	-
Subtotal Child Nutrition Cluster				4,914,831	-
Total U. S. Department of Agriculture				4,914,831	-
U.S. Department of Treasury:					
<i>Passed through the State of Arizona Governor's Office:</i>					
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	GR-ARPA-ASL-10	676,565	-
Total Coronavirus State and Local Fiscal Recovery Funds				676,565	-
Total U. S. Department of Treasury				676,565	-
U.S. Department of Education:					
<i>Direct Program:</i>					
Indian Education	84.060		N/A	64,243	-
<i>Passed through the State of Arizona Governor's Office:</i>					
Summer Enrichment	84.425C	COVID-19	GR-GEER-SEP-LAVEEN-18	239,147	-
<i>Passed through the Arizona Department of Education:</i>					
Title I - LEAs	84.010		23FT1TTI-311289-01A	1,592,751	-
Targeted Support and Improvement Grant	84.010		23FETSIG-311289-01A	22,200	-
Subtotal Title I program 84.010				1,614,951	-
<i>Special Education Cluster (IDEA):</i>					
IDEA Basic Grant Entitlement	84.027		23FESCBG-311289-09A	1,326,101	-
IDEA Preschool	84.173		23FECCBP-311289-37A	17,903	-
ARP - IDEA Basic Grant Entitlement	84.027X	COVID-19	23FARPIB-311289-01A	87,345	-
ARP - IDEA Preschool	84.173X	COVID-19	23FARPIP-311289-01A	6,380	-
Subtotal Special Education Cluster (IDEA)				1,437,729	-
Title III	84.365		23FELLEP-311289-10A	108,619	-
Improving Teacher Quality	84.367		23FT1TII-311289-03A	181,351	-
Dyslexia Training Designee Grant	84.425C	COVID-19	23SDYTDG-311289-01A	18,495	-
Accelerated Academies	84.425C	COVID-19	22FCAAAG-211289-01	2,623	-
School Safety Program	84.425D	COVID-19	22FSSPES-211289-01A	55,114	-
Education Stabilization Fund - ESSER II	84.425D	COVID-19	21FESSII-111289-01A	793,522	-
Education Stabilization Fund - ESSER III	84.425U	COVID-19	21FESIII-111289-01A	4,195,175	-
Subtotal Education Stabilization Fund				5,064,929	-
Total U. S. Department of Education				8,710,969	-
U.S. Department of Health and Human Services:					
<i>Passed through the Arizona Department of Economic Security:</i>					
CCDF Cluster:					
Child Care and Development Block Grant	93.575	COVID-19	Unknown	2,019,083	-
Subtotal CCDF Cluster				2,019,083	-
Total U. S. Department of Health and Human Services				2,019,083	-
Total Federal Expenditures				\$ 16,321,448	\$ -

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the District's federal grant activity for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 - FEDERAL ASSISTANCE LISTING NUMBERS

The program titles and Federal Assistance Listings numbers were obtained from the federal or passthrough grantor or the 2023 Federal Assistance Listings.

NOTE 4 - NON-CASH ASSISTANCE

Food donations as reported for the Child Nutrition Cluster represents the amount of donated food used during the fiscal year ended June 30, 2023. Commodities are valued at fair value at the time of donation.

NOTE 5 - INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR \$200.414.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None noted
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Federal Assistance Numbers</u>	<u>Name of Federal Program of Cluster</u>
84.010	Title I
84.027, 84.173, 84.027X, 84.173X	Special Education Cluster
84.425C, 84.425D, 84.425U	Education Stabilization Fund - COVID-19
93.575	Child Care and Development Block Grant - COVID-19

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

SECTION II - FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



See what's possible.

LAVEEN ELEMENTARY SCHOOL DISTRICT NO. 59

UNIFORM SYSTEM OF FINANCIAL RECORDS (USFR) COMPLIANCE QUESTIONNAIRE

Fiscal Year Ended June 30, 2023

Laveen Elementary School District No. 59
Summary of Compliance Findings
Year Ended June 30, 2023

Governing Board/Management

None noted.

Budgeting

None noted.

Accounting Records

None noted.

Cash and Revenues

1. The District maintained only authorized bank accounts as listed in the USFR and did not have any inactive bank accounts.

No. The flex spending bank account became inactive in February 2023 and was not closed by the end of the fiscal year after being approved to be closed by the governing board in June 2023.

2. The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal supporting documentation.

No. For one of 50 cash receipts tested, the deposit was not made in a timely manner.

Supplies Inventory

None noted.

Property Control

1. The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.

No. For two of 15 equipment items tested, the asset could not be located. For one of 15 equipment items tested, the asset was not properly tagged.

Expenditures

1. The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916.

No. For three of 70 disbursements tested, the purchase order was dated after the invoice date.

Travel

None noted.

Laveen Elementary School District No. 59
Summary of Compliance Findings
Year Ended June 30, 2023

Credit Cards and Purchasing Cards

1. The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.

No. For one of 3 credit card statements tested, a late fee of \$27.62 was assessed.

Procurement

None noted.

Classroom Site Fund

None noted.

Payroll

None noted.

Financial Reporting

1. Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.

No. For Fund 378 – Impact Aid and Fund 300-399 – Other Federal Projects, budgeted expenditures reported on the District's most recently revised expenditure budget did not agree to budgeted expenditures on the AFR.

2. The District's website included its average teacher salary information required by A.R.S. §15-903(E) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report.

No. The District's website did not include a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report.

Student Attendance Reporting

1. The District appropriately tracked and reported student membership and absences.

No. For four of 15 elementary and junior high school students selected, absences were not properly recorded.

2. The entry date in the computerized attendance system agreed to the entry form and was entered into the attendance system within 5 working days after the actual date of the student's enrollment. A.R.S. §15-828

No. For two of 15 student enrollment forms tested, the form did not include the student's entry date and therefore we were unable to determine if it matched the student attendance reporting system.

Laveen Elementary School District No. 59
Summary of Compliance Findings
Year Ended June 30, 2023

Student Attendance Reporting (Continued)

3. The District uploaded membership and absence information to ADE that agreed to the District's computerized system records for the first 100 days of school.

No. For three schools tested, absences were understated by 7,003.

Information Technology

1. The District immediately and appropriately modified terminated or transferred employees', contractors', or vendors' access to all District systems.

No. One terminated employee still had access to the District's financial reporting software after their termination date.

Transportation Support

None noted.

Records Management

None noted.

General Long-Term Debt

None noted.

Laveen Elementary School District
Uniform System of Financial Records Compliance Questionnaire
For Fiscal Year Ended June 30, 2023

Instructions

Arizona Revised Statutes (A.R.S.) §15-271 requires the Arizona Auditor General to inform any school district failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona School Districts* (USFR) that it has 90 days to correct the cited deficiencies. The USFR prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements. To help the Arizona Auditor General determine whether a district has attained an acceptable degree of compliance with USFR requirements, the audit firm must complete this USFR Compliance Questionnaire (CQ).

A.R.S. §§15-213(F) and 15-914(G) require districts to have a systematic review of their purchasing practices and average daily membership (ADM), respectively, performed in conjunction with their annual or biennial financial audit to determine whether the district complied with the applicable State of Arizona procurement and student attendance laws and rules. Auditor completion of the Procurement and Student attendance reporting CQ sections constitutes the required systematic reviews.

Audit firms must gain an understanding of the district's internal controls and obtain and document sufficient, appropriate evidence annually to support each CQ response. These instructions, the CQ questions, and the required review procedures constitute the minimum audit standards for completing the CQ. Required review procedures are included in the "tooltip" next to applicable questions in the web-based auditor submission CQ. The Arizona Auditor General may reject CQs that are not prepared in compliance with the minimum audit standards.

- Audit documentation must describe the procedures performed, items reviewed, and the results of such procedures and reviews to support the auditor's CQ responses and related comments.
- Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" responses on the CQ.
- The audit firm must determine the district reviewed documents and transactions and provided sufficient evidence of approval including manual or electronic signatures or initials and date of review.
- Audit firms must consider population size in determining the number of items to test (i.e., sample, scan, review, examine, or observe), and the items selected should be representative of the population. Therefore, testing 1 transaction, record, or item is not sufficient. The Credit cards and purchasing cards, Procurement, and Student attendance reporting CQ sections prescribe minimum sample sizes for specific questions. Population and samples sizes used for test work should be entered in the fields provided next to the applicable questions throughout the CQ.
- A "Yes" response indicates that the audit firm has determined that the district complied with the USFR for that question based on auditor obtained evidence. Several review procedures allow for auditors to determine whether the district implemented compensating controls when recommended USFR procedures could not be implemented due to limited staff size. When compensating controls are found, auditors should answer the question "Yes" and describe in the comments the compensating controls in place to meet the question's objective. However, the Arizona Auditor General makes the final determination of compliance with the USFR based on the evidence presented in the CQ, audit reports, audit documentation, and any other sources of information available.
- A "No" response indicates the district did not comply with the USFR for that question. Audit firms must explain the district's deficiency noted for all "No" responses in the comment box below the question. Deficiencies must be described in sufficient detail to enable the Arizona Auditor General to determine the nature and significance of the deficiency for: (a) assessing compliance with the USFR, (b) appropriately describing the deficiency in a report, and (c) testing compliance during a status review. The description should include the number of items tested and the number of exceptions noted, or dollar amount of the error, and any other relevant information that would provide context for the deficiency.

Cash and revenues questions apply to all the district's cash and revenue, including food service, auxiliary operations, extracurricular activities fees tax credit, and student activities receipts and bank accounts. Comments for "No" responses to these questions should indicate the type of receipt or bank account to which the deficiency applies.

- An "N/A" response indicates the district did not have activity related to the USFR requirements for that question. The audit firm must explain all "N/A" responses in the comment box below the question, unless the reason for the N/A is obvious.

The questions in the CQ do not address all requirements of the USFR. If the audit firm is aware of noncompliance with a requirement of the USFR that is not addressed in the CQ, including the School District Procurement Rules and the Arizona Department of Education's (ADE) membership and attendance guidelines, the audit firm should include the compliance findings in its reports issued in accordance with Governmental Auditing Standards and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

The audit firm must make the resulting audit documentation supporting the audit firm's CQ responses and comments available on request for the Arizona Auditor General and the ADE's review. To facilitate this review, the audit firm should include in the audit documentation a copy of the CQ with references to the audit procedures performed for each question.

Once the audit firm has completed, reviewed, and signed the CQ, it must submit it electronically to the Arizona Auditor General by following the instructions at the end of the web-based auditor submission CQ. Audit firms should print the file to PDF to create the CQ document to distribute to the district. As required by A.R.S. §15- 914(D), the district must submit the completed CQ with the audit reporting package to the district’s county school superintendent’s office and ADE.

Governing board/management procedures

Objective: To determine whether the governing board and District management have established and implemented certain procedures as required by statute.

1. The District held governing board meetings in accordance with [A.R.S. §§38-431 to 38-431.09](#), and prepared and retained written minutes and/or recordings.

Yes

2. The District annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees as part of their employment. [A.R.S. §§38-502 and 38-509](#)

Yes

3. The District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a conflict of interest in any contract, sale, purchase, service, or decision, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. [A.R.S. §§38-502 and 38-503](#)

Yes

4. The District maintained, for public inspection, a special file with all documents necessary to memorialize all governing board members and employees conflict-of-interest disclosures. [A.R.S. §38-509](#)

Yes

5. Employees or governing board members with reported conflicts, except as provided in [A.R.S. §15-323](#), refrained from voting upon or otherwise participating in any manner in that contract, sale, purchase, service, or decision of the school district. [A.R.S. §§38-502 and 38-503\(B\)](#)

Yes



6. The District's management notified the Arizona Auditor General and appropriately resolved all allegations of theft, fraud, or misuse of District monies and assets in a timely manner.

N/A



The District did not have any allegations of theft, fraud, or misuse of District monies ore assets during the current year.

7. The governing board established written personnel and payroll policies and approved employee contracts, wage agreements, salary and wage schedules, and any other agreed-upon terms of employment.

Yes



8. The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. [A.R.S. §15-1122](#)

Yes



9. The governing board received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances that were accurately prepared. [A.R.S. §15-1123](#)

Yes



10. The governing board approved student clubs' and organizations' fund-raising events. [A.R.S. §15-1121](#) and AG Opinion I84-018

Yes



Sample

10

11. The governing board obtained voter approval to construct buildings and purchase or lease school sites, unless otherwise exempted by [A.R.S. §15-342\(25\)](#).

N/A

No construction or purchase/lease of school sites.

Budgeting

Objective: To determine whether the District's budget preparation processes ensure that the District properly allocates the monies it receives, stays within those budgets, and accurately informs the public about the use of those monies.

1. The budget included all funds as required by [A.R.S. §15-905](#) and followed the form's [Budget—Submission and Publication Instructions](#).

Yes

2. Total budgeted expenditures on the originally adopted budget for the Maintenance and Operation (M&O) and Unrestricted Capital Outlay Funds (UCO) were less than or equal to the budgeted amounts on the published proposed budget and within the general budget limit (GBL) and the unrestricted capital budget limit (UCBL). [A.R.S. §15-905\(E\)](#)

Yes

3. The District revised its budget on or before December 15, if ADE notified the District that its M&O or UCO Fund budgeted expenditures exceeded the GBL or UCBL. [A.R.S. §15-905\(E\)](#).

Yes

4. The District completed its revised expenditure budget before May 15 and filed it electronically with the Superintendent of Public Instruction by May 18. [A.R.S. §15-905\(I\)](#).

Yes

5. The District reduced the budget by the prior year's overexpenditure (or a portion of the prior year's overexpenditure, as approved by the Superintendent of Public Instruction) or the District began the process to correct its prior year's data that impacts state-aid and/or budget capacity. [A.R.S. §§15-905\(M\)](#) and [15-915](#)

N/A

The District did not have an over expenditure in the prior year.

Accounting records

Objective: To determine whether the District accurately maintains accounting records to provide support for financial information.

Test work should indicate the procedures performed to document what processes and controls the District has in place to reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies, such as tracing detailed source documents to the District's trial balance that agree to the financial statements.

1. The District coded transactions in accordance with the [USFR Chart of Accounts](#).

Yes

2. The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.

Yes

Population

483

Sample

25

3. The District transferred monies only between funds listed in the USFR §III Chart of Accounts—Authorized Transfers.

Yes

Population

15

Sample

5

4. The District documented and dated a monthly review of financial transactions the county school superintendent (CSS) initiated (i.e., revenue postings or journal entries) for propriety and researched and resolved any differences.

Yes



5. The District reconciled cash balances by fund monthly with the CSS or county treasurer's records, as applicable, and properly supported, documented, and dated the reconciliations.

Yes



6. The District reconciled total revenues, expenditures, expenses, and cash balances (as applicable) by fund, program, function, and object code at least at fiscal year-end with the CSS, and the reconciliation was reviewed and properly supported.

Yes



Cash and revenue

Objective: To determine whether the District maintained controls over cash transactions to safeguard monies, protect employees involved in handling monies from accusations of misuse, and reduce the risk of theft or loss. Test work for cash and revenue should document how the processes work, employees involved in those processes, and how the processes were verified.

1. The District maintained only authorized bank accounts as listed in the USFR and did not have any inactive bank accounts.

No



The flex spending bank account became inactive in February 2023 and was not closed by the end of the fiscal year after being approved to be closed by the governing board in June 2023.

2. The District used an M&O Fund revolving bank account in accordance with [A.R.S. §15-1101](#).

Yes



3. The District used miscellaneous receipts clearing bank account(s) in accordance with [A.R.S. §15-341\(A\)\(20\)](#).

Yes



4. The District used a Food Service Fund clearing bank account(s) in accordance with [USFR page X-F-5](#) and [Arizona Attorney General Opinion I60-35](#)

Yes



5. The District used a Food Service Fund revolving bank account in accordance with [A.R.S. §15-1154](#).

N/A



No such account maintained.

6. The District used an Auxiliary Operations Fund bank account in accordance with [A.R.S. §15-1126](#).

N/A



No such account maintained.

7. The Auxiliary Operations Fund bank or treasurer account deposits included all monies raised in connection with the activities of school bookstores and athletics. [A.R.S. §15-1125](#).

Yes



Population

134

Sample

10

8. The extracurricular activities fees tax credit (tax credit) monies were included in the Auxiliary Operations Fund and/or separately accounted for in an Extracurricular Activities Fees Tax Credit Fund. [A.R.S. §15-341\(A\)\(19 and \(20\)\)](#).

Yes



9. The District used the Auxiliary Operations Fund revolving bank account(s) in accordance with [A.R.S. §15-1126](#).

N/A

No such account maintained.

10. The District used the Student Activities Fund bank account(s) in accordance with [A.R.S. §15-1122](#).

N/A

No such account maintained.

11. The Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account.

Yes

12. The District used the Student Activities Fund revolving bank account in accordance with [A.R.S. §15-1124](#).

N/A

No such account maintained.

13. The District used the federal payroll tax withholdings bank account in accordance with [USFR page VI-H-6](#).

Yes

14. The District used the State income tax withholdings bank account in accordance with [A.R.S. §15-1222](#).

Yes

15. The District used the employee insurance programs withholdings bank account(s) in accordance with [A.R.S. §15-1223](#).

Yes

16. The District used the payroll direct deposits clearing bank account in accordance with [A.R.S. §15-1221](#).

N/A

No such account maintained.

17. The District used the electronic payments clearing bank account in accordance with [A.R.S. §15-1221](#).

Yes

18. The District used the grants and gifts to teachers bank account in accordance with [A.R.S. §15-1224](#).

N/A

No such account maintained.

19. The District used the principals' supplies bank account(s) in accordance with [A.R.S. §15-354](#).

N/A

No such account maintained.

20. The use of debit cards was prohibited as a payment method associated with any District bank account.

Yes

21. The District paid bank charges from only the M&O Fund revolving bank account, Food Service Fund revolving bank account, Auxiliary Operations Fund bank account, and Auxiliary Operations Fund revolving bank account(s) or, if not, the bank charges were reimbursed from an appropriate District fund or bank account.

N/A

No bank fees noted.

22. The District separated responsibilities for cash-handling and recordkeeping among employees (i.e., receiving, depositing, and recording revenues), to safeguard monies.

Yes

23. The District supported deposits with issued receipts, cash receipt summary reports, mail logs, etc., and reconciled sales to amounts collected with summary reports or ticket logs.

Yes

Sample

50

24. The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.

No

For one of 50 cash receipts tested, the deposit was not made timely.

Sample

50

25. The District's deposits with the county treasurer were reconciled.

Yes

26. The District retained supporting documentation for disbursements from bank accounts.

Yes

Sample

44

27. The District safeguarded unused checks.

Yes



28. The District safeguarded signature stamps, signature plates, and electronic or digital signatures used for approving accounting transactions, checks, and other District documents to ensure that access was limited to only the employee whose signature they represented.

Yes



29. An employee not involved with cash-handling or issuing checks reconciled all District bank accounts monthly, and an employee independent of the cash-handling process reviewed, signed, and dated the reconciliations.

Yes



30. The District tracked and reconciled the number of meals sold to the total cash collected per day.

Yes



Supplies inventory

Objective: To determine whether the District has controls in place to help physically safeguard and report inventories to prevent theft, overstocking, understocking, spoilage, and obsolescence.

1. The District physically safeguarded supply inventories to prevent unauthorized use, theft, damage, and obsolescence and enable accurate financial reporting.

N/A



The District did not maintain a supplies inventory. All supplies were purchased on an as-needed basis.

Property control

Objective: To determine whether the District has effective controls to safeguard property from theft and misuse since significant resources are invested in acquiring and maintaining District property. Test work should be completed on a sample basis annually and documented to ensure that land, buildings, and equipment are properly valued, classified, and reported on the stewardship and capital assets lists.

1. The District maintained a capital assets list that included all required information listed in the USFR for all land, land improvements, buildings, building improvements, and equipment with costs that exceed the District's adopted capitalization threshold.

Yes



2. The District had security controls in place to help prevent theft, loss, unauthorized use, or damage to District property.

Yes



3. The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.

Yes



4. The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold, including financed assets, included all required information.

Yes



5. The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.

No



For three of 15 capital asset and stewardship items tested, the assets were not properly tagged or identified during our physical inspection. One item was not tagged and two items were not located.

6. The District reconciled the current year's June 30 capital assets list to the previous year's June 30 list.

Yes



7. The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion.

Yes



Data Entry

3/3/2021

8. The governing board or authorized designee approved stewardship and capital asset items disposed of during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with [A.A.C R7-2-1131](#).

Yes



Data Entry

8/11/22 and 10/04/22

Expenditures

Objective: To determine whether the District has effective controls for expenditures in place to ensure expenditures are for an allowable District purpose. Test work should document processes and controls that demonstrate expenditure transactions are properly approved, are for an amount within budget capacity or available cash, and protect employees from allegations of misuse.

1. The District separated responsibilities for expenditure processing among employees (i.e., voucher preparation, recordkeeping, and authorization).

Yes



2. The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in [A.R.S. §§15-207, 15-304, 15-907, and 15-916](#).

No



For three of 70 disbursements tested, the purchase order was dated after the invoice date.

3. The District's expenditures were made only for allowable District purposes, properly satisfied the specific purposes required for any restricted monies spent, and were adequately supported by documentation required by the USFR.

Yes



Sample

70

4. The District's extracurricular activities fees tax credit monies were expended only for eligible activities that qualified under [A.R.S. §§43-1089.01 and 15-342\(24\)](#).

Yes



Population

88

Sample

15

5. The District's Student Activities Fund disbursements and transfers of monies among student clubs were issued only when cash was available in the student club account and properly authorized by or on behalf of the student members of a particular club and documented in the club minutes.

Yes



6. The District's expenditures made through written quotes or competitively awarded contracts, including cooperative contracts, agreed to quoted amounts or contract pricing and terms.

Yes



7. The District prepared an Advice of Encumbrance for levy funds based on the list of liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the CSS by July 18. [A.R.S. §15-906](#) (Districts authorized by [A.R.S. §15-914.01](#) to participate in the accounting responsibility program should perform the duties as described in [A.R.S. §15-304](#).)

Yes



8. The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for career and technical education and to supplement, rather than supplant, the District's base year career and technical education courses. [A.R.S. §15-393](#)

N/A

The District does not participate in a CTED program.

9. The District retained fully executed copies of each intergovernmental agreement (IGA) and payments for services were made or received, as applicable. [A.R.S. §11-952](#)

Yes

Travel

Objective: To determine whether the District implemented effective controls to ensure employees were traveling for District purposes and appropriately compensated.

1. The District's travel expenditures (lodging, meals, and incidentals) and mileage reimbursements were for District purposes and reimbursed within the maximum reimbursement amounts established by the Director of the Arizona Department of Administration and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred.

Yes

Population

133

Sample

26

Credit cards and p-cards

Objective: To determine whether the District has implemented effective controls over credit card and p-card purchases to help reduce the risk of misuse and unapproved or fraudulent transactions.

1. The District used credit cards.

Yes

Wells Fargo - 1

Data Entry

See above.

2. The District used p-cards.

N/A

The District did not use P-cards.

Data Entry

N/A

3. The District ensured different employees were responsible for issuing cards; requesting, authorizing, and executing purchases; and payment processing.

Yes

4. The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures.

Yes

5. The District recovered cards immediately from terminated employees.

N/A

The District did not have any terminated employees with credit card possession.

6. The District's management periodically reviewed purchases for unauthorized vendors and purchases over approved limits and/or purchases that circumvent the procurement rules and District policies.

Yes

7. The District ensured someone other than a card user reconciled credit card and p-card supporting documentation and billing statements.

Yes



8. The District's card purchases were only for authorized District purposes, within the dollar limits authorized for the employee, and supported by valid receipts or transaction logs that clearly identify the employee making the purchase.

Yes



9. The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.

No



For one of 3 credit card statements tested, a late fee of \$27.62 was assessed.

Procurement

Objective: To determine whether the District followed the A.A.C. (School District Procurement Rules) and USFR purchasing guidelines to promote fair and open competition among vendors that helps ensure the District is getting the best value for the public monies it spends.

1. The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.

Yes



Population

25

Sample

25

2. The District properly procured expenditures that individually or cumulatively totaled over \$100,000.

Yes



3. The District maintained a list of prospective bidders. A.A.C. R7-2-1023

Yes

4. The District issued solicitations for invitation for bids (IFB) or request for proposals (RFP) during the fiscal year.

Yes

5. The District published and, as applicable, provided other adequate notice of the issuance of solicitations. A.A.C. R7-2-1022, R7-2-1024(C), or R7-2-1042(C)

Yes

Population

1

Sample

1

Data Entry

1 RFP

6. The District issued solicitations at least 14 days before the time and date set for bid opening or the closing date and time for receipt of bids or proposals. A.A.C. R7-2-1024(A) or R7-2-1042(B)

Yes

7. The District included all required content in the solicitation, as applicable. A.A.C. R7-2-1024(B) or R7-2-1042(A)

Yes

8. The District recorded the time and date that sealed bids or proposals were received and stored bids or proposals unopened until the time and date set for opening. A.A.C. R7-2-1029 or R7-2-1045

Yes



9. If the District awarded multiple contracts, it established and followed procedures for the use and award of multiple contracts. A.A.C. R7-2-1031(D) and R7-2-1050(C)

N/A



RFP was awarded to one vendor.

10. The District evaluated bids/proposals and awarded contracts according to A.A.C. R7-2-1031, R7-2-1032, R7-2-1046(A)(1), or R7-2-1050 and retained documentation to support the award(s).

N/A



At least three vendors submitted bid.

11. If the District procured construction projects that used construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders lists to procure construction services, it complied with the requirements of A.A.C. R7-2-1100 through R7-2-1115.

N/A



No construction bids noted.

12. The District obtained signed procurement disclosure statements for all employees with job responsibilities related to procurement and for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process. A.A.C. R7-2-1008 and R7-2-1015

Yes



13. The District prepared the applicable written determinations as required by the specific procurement rule(s). A.A.C. R7-2-1004.

Yes



14. The District followed [A.R.S. §15-213](#), and A.A.C. R7-2-1093 for the use of multi-term contracts.

Yes



15. The District followed A.A.C. R7-2-1117 through R7-2-1123 for contracts for specified professional services.

N/A



16. The District's procurement files included the required information, as applicable. A.A.C. R7-2-1001(97)

Yes



17. The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. [A.R.S. §15-213\(N\)](#) and A.A.C. R7-2-1003

Yes



18. The District used only school district purchasing cooperatives contracts from cooperatives it was a member of or used only lead district contracts that it was listed as a member of in the solicitation or ensured its additional purchases would not have materially increased the volume stated in the original solicitation. A.A.C. R7-2-1191 through R7-2-1195

Yes



19. The District performed due diligence to support the use of each cooperative or lead district contract the District made purchases from during the audit period. A.A.C. R7-2-1191(D)

Yes

1GPA, Mohave, State, US Communities, SAVE, Omnia

Population

101

Sample

15

Data Entry

See above

20. The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative. A.A.C. R7-2-1004 and A.R.S. §15-213(B)

Yes

21. The District, when acting as a lead district in a procurement, followed the procurement procedures required for competitive sealed bidding or competitive sealed proposals, as applicable, and considered the total estimated volume of purchases for all public procurement units identified in the solicitation. A.A.C. R7-2-1011

N/A

Not a Lead District.

Population

0

Sample

0

Data Entry

0

22. For all emergency procurements, the District retained a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and this statement was signed by the individual authorized to initiate emergency procurements. A.A.C. R7-2-1055 and R7-2-1056

Yes

Sample

1

23. The District's governing board approved all sole-source procurements before any purchases were made, and the written determinations were retained in the procurement files. A.A.C. R7-2-1053 and R7-2-1086

Yes

Sample

1

24. For any purchase of services from governing board members or goods or services from District employees, regardless of the expenditure amount, the District followed the School District Procurement Rules, except as authorized by [A.R.S. §15-323](#).

N/A

No purchases from board members and/or employees noted.

25. The District followed the School District Procurement Rules for purchases of any supplies, materials, and equipment from governing board members if the purchase exceeded \$100,000, or followed the guidelines for written quotes if below the threshold. [A.R.S. §38-503\(C\)](#).

N/A

No purchases from board members and/or employees noted.

26. For purchases the District made from General Services Administration (GSA) schedules 70-IT and 84-Law Enforcement, the governing board first authorized the contracts in writing. [A.R.S. §15-213\(K\)](#) and A.A.C. R7-2-1196(C)

N/A

No GSA purchases noted.

Classroom site fund

Objective: To determine whether the District appropriately spent these State sales tax revenues for teacher pay and programs to support students, such as class size reduction, dropout prevention, and tutoring, as allowed by law.

1. The District's Classroom Site Fund (CSF) expenditures did not exceed its Classroom Site Fund Budget Limit (CSFBL).

Yes

2. The District adopted a performance-based compensation system for at least a portion of its CSF monies and ensured CSF expenditures were made only for allowable purposes listed in [A.R.S. §15-977](#). See CSF FAQs.

Yes



3. The District's CSF monies were used to supplement, rather than supplant, existing funding from all other sources (see CSF FAQ 3).

Yes



Payroll

Objective: To determine whether the District has implemented effective controls to reduce the risks associated with payroll expenditures by documenting evidence of review, verification, and approval to ensure employees are appropriately compensated.

1. The District's payroll-processing responsibilities (i.e., adding new employees, adjusting pay, payroll preparation, payroll authorization, and warrant distribution) were separated among employees.

Yes



2. The District established a delayed payroll system for hourly employees that did not delay payments more than 7 business days during its normal 2-week payroll processing cycle and allowed adequate time for payroll adjustments to be made, if needed, between the end of the pay period and the payment date.

Yes



3. The District required employees' contracts or personnel/payroll action forms to document the employees' election for prorated compensation.

Yes



4. The District ensured any adjustments to pay for employees who received prorated wage payments during the year were based on each employee's official rate of pay.

Yes



Population

119

Sample

4

5. The District ensured hourly employees were not paid for more than the actual hours worked to date.

Yes



Population

589

Sample

13

6. The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4.

Yes



7. The District ensured that valid fingerprint clearance cards were on file for all required personnel and a method to identify employees whose cards were going to expire was in place. [A.R.S. §§15-512, 15-342, and 41-1750\(G\)](#).

Yes



8. The District enrolled employees who met the ASRS membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the ASRS Employer Manual.

Yes



9. The District accurately calculated and in a timely manner remitted the alternative contribution rate payments to ASRS for all applicable positions filled by ASRS retirees. [ASRS Alternate Contribution Rate](#)

Yes



10. The District calculated the accrual and use of vacation, sick leave, and compensatory time for all employees in accordance with District accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon separation of employment following District policies.

Yes



11. Attendance records were prepared for each pay period for each employee subject to the Fair Labor Standards Act (FLSA) and were approved by the employee and the employee's supervisor.

Yes



12. The District's payroll reports were properly reviewed and approved before processing and distribution to employees.

Yes



Financial reporting

Objective: To determine whether the District properly prepared its financial reports, including its Annual Financial Report (AFR), for the audit year to provide legislative and oversight bodies, investors and creditors, and the public a transparent view of the District's financial position and operational results.

1. Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.

No



For Fund 378 – Impact Aid and Fund 300-399 – Other Federal Projects, budgeted expenditures reported on the District's most recently revised expenditure budget did not agree to budgeted expenditures on the AFR.

2. The District completed and submitted all parts of the AFR reporting package, including the school-level reporting AFR, using its accounting data in the files and reported additional information required in the forms, such as revenue and expenditure amounts that were not automatically pulled from its accounting and student count data, and maintained applicable supporting documentation. [A.R.S. §15-904\(E\)](#)

Yes



3. The District followed the AFR—[A.R.S. §15-904](#), and followed the [Review, Submission, and Publication Instructions](#).

Yes



4. The District properly prepared the Food Service page of the AFR and reported expenditures from the M&O Fund 001 and Capital Fund 610 that agreed with the District's accounting records.

Yes



5. Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.

Yes



6. The District's website included its average teacher salary information required by [A.R.S. §15-903\(E\)](#) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report

No



The District's website did not include a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report.

7. The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely. [A.R.S. §15-941](#) and [School Finance Reports](#)

Yes



Student attendance reporting

Objective: To determine whether the District has implemented effective controls to report accurate student membership and attendance information to ADE to reduce the risk that the District received an inappropriate amount of State aid and/or local property taxes.

1. The District's calendar ensured school was in session for the required days and offered students the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in [A.R.S. §§15-808\(I\)\(1\), 15-901\(A\)\(1\), 15-901.07, and 15-901.08](#)

Yes



2. If the District had an early (pre-) kindergarten program, the District calculated and submitted membership information for early (pre-) kindergarten students' attendance records for this program only for students with disabilities. [A.R.S. §15-901\(A\)\(1\)\(a\)\(i\)](#) and [USFR Memorandum No. 175](#)

Yes



Sample

7

3. The District appropriately tracked and reported student membership and absences. [A.R.S. §15-901](#)

No



For four of 15 elementary and junior high school students selected, absences were not properly recorded.

Sample: 3 Kindergarten, 12 Elementary and Jr. High School

Population

7164

Sample

15

Data Entry

See above.

4. The District prorated high school students' membership if enrolled in less than 4 subjects.

N/A



Sample

0

5. The District was a CTED or CTED member.

N/A

The District is an Elementary District.

6. The District had an AOI program. [A.R.S. §15-808](#)

Yes

7. For students enrolled in a program provided by a CTED in a facility the District owned or operated (satellite programs), the District reported the actual enrollment for only the District classes the student was enrolled in at the District's school (excluding CTED program classes) under the District's CTDS number.

N/A

The District is an Elementary District.

Population

0

Sample

0

8. For students enrolled in a program the CTED provided in a facility the District owned or operated (satellite programs), the District calculated student absences in accordance with ADE's methods based on the number of District classes the student was enrolled in and attended at the District's school (excluding CTED satellite program classes).

N/A

The District is an Elementary District.

Sample

0

9. For CTED satellite programs, the CTED reported actual student enrollment data for only the CTED program classes the student was enrolled in at that member district's satellite location (excluding school district classes). [A.R.S. §15-393\(Q\)](#)

N/A

The District is an Elementary District.

Sample

0

10. For CTEDs that meet for at least 150 minutes (not including any breaks) per class period on a CTED central campus, the CTED reported the membership as 0.75. [A.R.S. §15-393\(Q\)](#).

N/A

The District is an Elementary District.

Sample

0

11. For students enrolled in both District and in CTED central program courses, the sum of the ADM was no more than 1.75 and the amount claimed by either entity was no more than 1.0. [A.R.S. §15-393\(Q\)](#).

N/A

The District is an Elementary District.

Sample

0

12. The District maintained appropriate documentation and accurately reported students enrolled in CTED programs, including accurately submitting scheduled hours of instruction and community college credits. [A.R.S. §15-393](#)

N/A

The District is an Elementary District.

Sample

0

13. The District maintained appropriate documentation and accurately reported students enrolled in its AOI program, including redetermining the actual full time equivalent (FTE) for each student enrolled in an AOI program following a student's withdrawal or after the end of the school year. [A.R.S. §15-808](#)

Yes

Sample

7

14. The District ensured the student's name in the student management system matched the name on the legal document on file. [A.R.S. §15-828\(D\)](#).

Yes



Sample

15

15. The entry date in the computerized attendance system agreed to the entry form and was entered into the attendance system within 5 working days after the actual date of the student's enrollment. [A.R.S. §15-828](#).

No



For two of 15 student enrollment forms tested, the form did not include the student's entry date and therefore we were unable to determine if it matched the student attendance reporting system.

Population

8569

Sample

15

16. The student membership begins on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school. [ADE's External Guideline GE-17](#)

Yes



17. The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its AOI program. [A.R.S. §15-802\(B\)\(1\)](#) and [ADE's Updated Residency Guidelines](#)

Yes



18. The District reported student withdrawal dates to ADE within 5 working days and maintained documentation that supported the date of data entry.

Yes



Population

635

Sample

15

19. The District prepared and retained the Official Notice of Pupil Withdrawal form for each withdrawal, and the forms were signed by a District administrator. [A.R.S. §15-827](#)

Yes



20. The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. [A.R.S. §15-901\(A\)\(1\)](#)

Yes



Population

79

Sample

15

21. The District uploaded membership and absence information to ADE that agreed to the District's computerized system records for the first 100 days of school. [A.R.S. §15-901](#)

No



Absences were under reported by 7,003 days.

Cheatham Elementary, Desert Meadow Elementary, and Rogers Ranch Elementary were tested.

22. The District excluded nonresident students from the District's student count and State aid calculations and charged tuition as applicable. [A.R.S. §15-823\(G\) and \(L\)](#)

N/A



The District did not serve report nonresident students.

23. The District reported students who completed all high school requirements with the applicable graduation code and used the appropriate year-end status code for all other students.

N/A

The District is an Elementary District.

Sample

0

24. For students participating in distance learning, the District followed attendance procedures defined in a governing-board-adopted ITM.

N/A

The District did not have a distance learning program during the fiscal year.

Information technology

Objective: To determine whether the District adopted an information technology (IT) security framework that aligned with credible industry standards and implemented controls that provide reasonable assurance that its data is accurate and reliable and protected from unintended exposure and consequences. Test work should determine that the District adopted a framework and controls were operating to protect District and student data.

1. The District maintained adequate separation of duties in its IT systems that prevented 1 employee from completing a transaction without additional review and approval procedures.

Yes

2. The District reviewed and documented any system or software changes implemented.

Yes

3. The District assessed security risks for its systems and data, implemented appropriate controls to address risks, and provided employees/contractors annual security awareness training.

Yes

4. The District immediately and appropriately modified terminated or transferred employees', contractors', or vendors' access to all District systems.

No



One terminated employee still had access to the District's financial reporting software after their termination date.

5. The District's computer network, system software and hardware was physically protected from unauthorized access, theft, and environmental hazards.

Yes



6. The District scheduled and performed data backup-control procedures for all critical systems at least daily, or more frequently, to ensure uninterrupted operations and minimal loss of data.

Yes



7. The District routinely completed software and application updates and operating system patches when they became available.

Yes



8. The District had cloud computing, digital learning, and vendor contracts or data-sharing agreements in place with any 3rd parties accessing or hosting District data that addressed controls to support security and processing integrity, and backup procedures if applicable, before data was accessed/shared.

N/A



Per review of user listing and discussion with IT Director, there is no 3rd parties with Vision access.

9. The District ensured changes to data in business (i.e., employee information, pay rates) and IT (i.e., user roles, access rights) systems were approved by an authorized individual prior to processing changes.

Yes



10. The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards.

Yes



11. The District's IT systems generated electronic audit trail reports or change logs with information about electronic transactions that the District reviewed or analyzed regularly to determine transactions' propriety.

Yes



12. The District monitored and reviewed IT system-generated incident or error reports to identify network security threats or other unusual activity and addressed noted issues.

Yes



13. The District had incident response and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.

Yes



Transportation support

Objective: To determine whether the District has implemented effective controls for its transportation program to ensure it properly reports its transportation miles and student riders to ADE, which helps to ensure the District receives the appropriate amount of State aid.

1. The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. [A.R.S. §15-922](#)

Yes



Records management

Objective: To determine whether the District has implemented effective controls to properly protect and maintain its records, including student and employee data, and that its records were disposed of securely and in accordance with established time frames.

1. The District established and followed policies and procedures to properly protect, maintain, and dispose of personally identifiable information and confidential records, such as student and employee information and social security numbers. www.azlibrary.gov/records

Yes



General long-term debt

Objective: To determine whether the District is following the laws related to bonds to ensure voters are informed and the District complies with the bond covenants.

1. The District calculated and issued any bonds in accordance with Arizona Revised Statutes and the Arizona Constitution. [A.R.S. §15-1021](#)

N/A



No Bonds issued during fiscal year 2022-23.

2. The District expended bond proceeds only for voter-authorized purposes and not for items with useful lives less than the average life of the bonds issued or 5 years. [A.R.S. §15-1021\(F\)](#)

Yes



3. If the District had outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board transferred the remaining balance to the Debt Service Fund. Otherwise, if the District had no outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board used the remaining balance to reduce taxes. [A.R.S. §15-1024\(B\)](#)

N/A



Bond Building fund were fully expended during the fiscal year, and no balance remained at fiscal year end.

4. The District credited interest or other money earned from investing bond proceeds to the Debt Service Fund unless the voters authorized the interest to be credited to the Bond Building Fund or federal laws or rules require the interest to be used for capital expenditures.
A.R.S. §15-1024(C)

Yes

All noted instances of any noncompliance with USFR requirements have been included in the CQ.

Preparer (AUDIT FIRM Representative)

Dennis V Maschke

Title

Partner

Date

12/29/2023