

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011



Together Everyone Achieves More

1600 S. 107th Avenue • Avondale, AZ 85323

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

AVONDALE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Issued by:
Business and Finance Department

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

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INTRODUCTORY SECTION

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LITTLETON ELEMENTARY SCHOOL DISTRICT #65

LEADING...in Learning, Caring and Growing

P.O. BOX 280, Cashion, Arizona 85329

GOVERNING BOARD

Sandi Nielson

President

Jeannie Myrick

Vice-President

Michael Armstrong

Member

Mike Pineda

Member

Kathy Reyes

Member

SUPERINTENDENT

Dr. Roger S. Freeman

ASSISTANT

SUPERINTENDENT

Dr. Paul Tighe

ADMINISTRATION

1600 S. 107th Avenue

Avondale, AZ 85323

623-478-5600

FAX 623-478-5625

OPERATIONS

10775 W. 4th Street

Avondale, AZ 85323

Underdown Learning Center

1642 S. 107th Avenue

Avondale, AZ 85323

623-478-5800

Collier Elementary

350 S. 118th Avenue

Avondale, AZ 85323

623-478-5900

Country Place Elementary

10207 W. Country Place

Tolleson, AZ 85353

623-478-6100

Estrella Vista Elementary

11905 W. Cocopah Circle N.

Avondale, AZ 85323

623-478-6200

Littleton Elementary

1252 S. Avondale Boulevard

Avondale, AZ 85323

623-478-5700

Quentin Elementary

11050 W. Whyman Avenue

Avondale, AZ 85323

623-478-6000

Tres Rios Elementary

5025 S. 103rd Avenue

Tolleson, AZ 85353

623-478-6300

December 16, 2011

Citizens and Governing Board

Littleton Elementary School District No. 65

1600 S. 107th Avenue

Avondale, Arizona 85323

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Littleton Elementary School District No. 65 (District) for the fiscal year ended June 30, 2011.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2011, 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 the financial section 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade eight, with an estimated current enrollment of 5,000.

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

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

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

The District was organized in 1912 and is located about 15 miles west of downtown Phoenix. The District boundaries encompass approximately 30 square miles, which include portions of the City of Phoenix, the City of Avondale and the City of Tolleson. The unincorporated City of Cashion is also included in the District. The District is included in the area served by the Tolleson Union High School District No. 214.

Avondale is located in the southwestern portion of the metropolitan Phoenix area and in the central portion of the County, contiguous to the communities of Litchfield Park to the north, Phoenix to the north and east, Tolleson to the east and Goodyear to the north and west. Unique to Avondale is the convergence of the Gila, Salt and Agua Fria rivers within Avondale. The Phoenix International Raceway is also included in the boundaries for the District. Avondale was incorporated in 1946 and is considered one of the fastest growing residential areas in the County. The population statistics for the City of Avondale according to the 2000 Census was 35,883 and the 2010 Special Census and Estimate was 76,238.

Due to the District's close proximity to the Phoenix Metropolitan area and its strategic location on the I-10 corridor, it is included in the westward expansion of the City. Although agriculture has been the economic mainstay of the area for many years, the attraction of commerce, light manufacturing and residential development are contributing to the District's growth and economic diversity. Home building over the last decade within the District boundaries saw a steady increase, although the last few years it has been stagnant. This growth affected student population and since 2002 enrollment increased from 1,367 to the current enrollment of over 5,000 students.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. Avondale is developing from an agriculturally based community into a center for commerce and light industry. Avondale's economy is a mix of services, retail and manufacturing. Avondale has two employment corridors that are able to access a labor pool of more than a million employees within a 30-minute commute. The I-10 Corridor and the Avondale Boulevard Corridor serve the 66-acre Avondale Civic Center that includes a 16,000 square foot Hilton complex. Some of the firms operating within the boundaries include Avondale Auto Group, Wal-Mart, Fry's Food & Drug Store, Universal Technical Institute, Costco, Home Depot, Sam's Club, Rudolfo Bros. Plastering, Express Way STS, Cemex and Earthblend Custom Landscapes. A new retail center opened in 2009 and includes Staples, Fresh and Easy Supermarket, Jack in the Box, and Panda Express. The area is experiencing some expansion in retail service centers and commercial facilities. New housing starts declined beginning in 2009 due to the state of the economy in Arizona. The city is governed by a mayor and six council members.

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

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

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,226 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Fountain Hills. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. The County's 2010 population was estimated at 3,817,117 and expected to reach 6 million by 2030. Maricopa County has a very wide range of economic sectors supporting its substantial growth. Maricopa County has, for some time, enjoyed an unemployment rate that was somewhat lower than the national average.

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

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

Long-term Financial Planning. The District opened its seventh elementary school, Tres Rios, in August 2008 and closed an existing middle school, Underdown. The District adopted a new vision to have all schools be kindergarten through 8th grade. The campus that was closed is now seeing new life as the site for the new district administration facility, which was completed in December 2009. New Schools are funded primarily through the Arizona School Facilities Board. An eighth elementary school has conceptual approval and scheduled to open August 2017. The average age of the school buildings is 23 years.

The District sold \$7.8 million in bonds in June of 2008 to finance the District portion of new elementary campuses, as well as additional classroom space, renovations, school bus purchases, and construction of a new District administrative building. In July of 2010, the District sold \$7.6 million in bonds to finance additional renovations at each school site and the purchase of land for future schools and school bus purchases.

After years of growth, the District experienced a decline in student numbers during the 2009-2010 school year as development of new housing has slowed throughout the District, but for the 2010-2011 school year the enrollment has stabilized. The secondary assessed value has grown at an average rate of 21 percent over the last 10 years and 28 percent over the last five years before making a gradual recovery.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the first year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2010-11 certificates.

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

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

Respectfully submitted,



Roger S. Freeman, Ed.D.
Superintendent



Ken Hicks
Executive Director for Business Services



This Certificate of Excellence in Financial Reporting is presented to

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Littleton Elementary School
District No. 65, Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

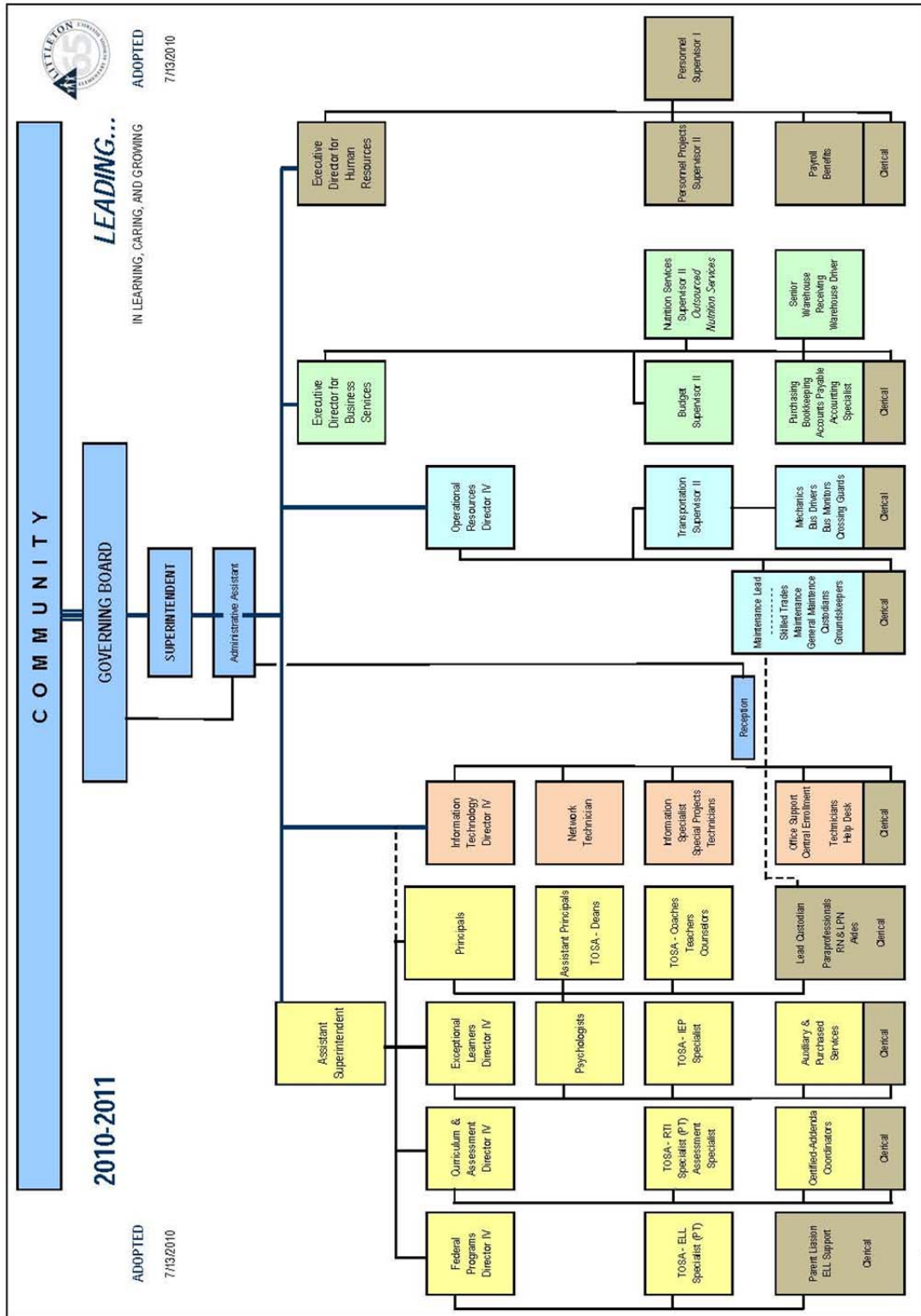


Linda C. Danison

President

Jeffrey R. Emer

Executive Director



Guiding Principles: Every Student a Learner, Safe and Orderly Environment, Parents as Partners, Competent, Dedicated and Caring Staff, A Meaningfully Involved Community, and A Highly Effective Organization

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Sandi Nielson
President

Jeannie Myrick
Vice President

Kathy Reyes
Member

Michael Armstrong
Member

Mike Pineda
Member

ADMINISTRATIVE STAFF

Roger S. Freeman, Ed.D.
Superintendent

Paul Tighe, Ed.D.
Assistant Superintendent

Ken Hicks
Executive Director for Business Resources

Lisa Kelley
Executive Director of Human Resources

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FINANCIAL SECTION

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

Governing Board
Littleton Elementary School District No. 65

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Littleton Elementary School District No. 65 (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Littleton Elementary School District No. 65, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011, on our consideration of the Littleton Elementary School District No. 65's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and budgetary comparison information on pages 50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying supplementary information such as the introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 16, 2011

Page 2

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

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**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

As management of the Littleton Elementary School District No. 65 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net assets of governmental activities increased \$3.6 million, which represents a 5 percent increase from the prior fiscal year, as a result of an increase in capital contributions.
- General revenues accounted for \$29.8 million in revenue, or 75 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9.8 million, or 25 percent of total current fiscal year revenues.
- The District had approximately \$36.1 million in expenses related to governmental activities, a decrease of 9 percent from the prior fiscal year, as a result of a decrease in instructional expenses due to state budget cuts.
- Among major funds, the General Fund had \$26.1 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$25.4 million in expenditures. The General Fund's fund balance increased from \$6.7 million at the prior fiscal year end to \$7.8 at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

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

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

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

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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

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

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

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

During the year ended June 30, 2011, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions. Additional information on the fund balance classifications, components of fund balance, and other information related to fund balance can be found in Note 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$69.6 million at the current fiscal year end.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, and vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net assets are restricted by statute for the specified purposes of special purposes, debt service repayment and capital outlay investment.

The following table presents a summary of the District's net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	As of June 30, 2011	As of June 30, 2010
Current and other assets	\$ 24,298,386	\$ 19,477,764
Capital assets, net	69,288,605	64,810,828
Total assets, net	93,586,991	84,288,592
Current and other liabilities	3,009,891	2,999,790
Long-term liabilities	21,021,387	15,306,257
Total liabilities	24,031,278	18,306,047
Net assets:		
Invested in capital assets, net of related debt	55,214,369	51,517,384
Restricted	8,176,072	6,415,893
Unrestricted	6,165,272	8,049,268
Total net assets	\$ 69,555,713	\$ 65,982,545

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

At the end of the current fiscal year the District reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

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

- The principal retirement of \$1.9 million of bonds.
- The net addition of \$6.7 million in capital assets through school improvements, purchases of vehicles and equipment, and contributions of land and equipment.
- The issuance of \$7.6 million in school improvement bonds.

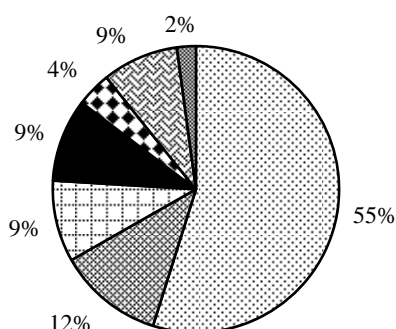
Changes in net assets. The District's total revenues for the current fiscal year were \$39.6 million. The total cost of all programs and services was \$36.1 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Revenues:		
Program revenues:		
Charges for services	\$ 679,518	\$ 706,011
Operating grants and contributions	5,423,342	5,929,433
Capital grants and contributions	3,694,346	281,127
General revenues:		
Property taxes	10,557,524	13,258,204
Investment income	188,897	244,826
Unrestricted county aid	1,746,005	1,721,324
Unrestricted state aid	17,151,308	18,144,761
Unrestricted federal aid	204,011	2,430,258
Total revenues	<u>39,644,951</u>	<u>\$ 42,715,944</u>
Expenses:		
Instruction	19,716,894	23,204,628
Support services – students and staff	4,284,328	4,351,556
Support services – administration	3,306,402	3,712,521
Operation and maintenance of plant services	3,363,703	3,532,952
Student transportation services	1,413,880	1,055,660
Operation of non-instructional services	3,095,289	2,936,076
Interest on long-term debt	891,287	765,864
Total expenses	<u>36,071,783</u>	<u>39,559,257</u>
Change in net assets	<u>\$ 3,573,168</u>	<u>\$ 3,156,687</u>

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

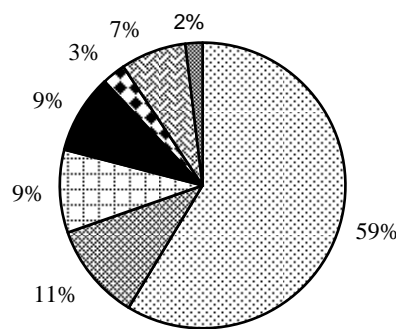
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Fiscal Year 2010-11 Expenses



- Instruction
- Support services - administration
- Student transportation services
- Interest on long-term debt

Fiscal Year 2009-10 Expenses



- Support services - students and staff
- Operation and maintenance of plant services
- Operation of non-instructional services

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

- Decrease of \$3.5 million in instruction expense due primarily to an elimination of state funding.
- Decrease of \$2.7 million in property tax revenue due primarily to a reduction in assessed property values.

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

	Year Ended June 30, 2011		Year Ended June 30, 2010	
	Total Expenses	Net (Expense)/Revenue	Total Expenses	Net (Expense)/Revenue
Instruction	\$ 19,716,894	\$ (15,075,220)	\$ 23,204,700	\$ (21,065,978)
Support services – students and staff	4,284,328	(3,493,449)	4,351,556	(3,078,668)
Support services – administration	3,306,402	(2,894,291)	3,712,449	(3,486,317)
Operation and maintenance of plant services	3,363,703	(3,033,121)	3,532,952	(3,445,457)
Student transportation services	1,413,880	(1,361,903)	1,055,660	(1,005,647)
Operation of non-instructional services	3,095,289	219,398	2,936,076	205,245
Interest on long-term debt	891,287	(635,991)	765,864	(765,864)
Total	\$ 36,071,783	\$ (26,274,577)	\$ 39,559,257	\$ (32,642,686)

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

- The cost of all governmental activities this year was \$36.1 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$9.8 million.
- Net cost of governmental activities of \$26.3 million was financed by general revenues, which are made up of primarily property taxes of \$10.6 million and state aid of \$17.2 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$18.4 million, an increase of \$4.8 million due primarily to the issuance of a \$7.6 million school improvement bond.

The General Fund comprises 43 percent of the total fund balance. Approximately \$5.5 million, or 70 percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$1.2 million in the General Fund to \$7.8 million as of fiscal year end was primarily a result the inclusion of additional funds due to the implementation of GASB 54. General revenues decreased \$4.4 million as a result of a \$1.9 million decrease in federal aid. In addition, property tax revenues decreased \$1.2 million and state aid decreased \$1.7 million. General Fund expenditures decreased \$2.6 million as a result of a reduction in state funding.

Fund balance of the Debt Service Fund increased \$522,925 due to an increase in property tax revenue.

Fund balance of the Bond Building Fund increased \$4.8 million due to the issuance of a \$7.6 million school improvement bond.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget due to an increase in membership during the fiscal year. The difference between the original budget and the final amended budget was a \$199,216 increase, or 1 percent. Significant variances for the final amended budget and actual revenues resulted from the District no longer being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$681,322 in regular instruction was the result of staff turnover, vacant positions and the elimination of the All-Day Kindergarten program.
- The favorable variance of \$618,766 in special education instruction was a result of moving special education services in house to reduce costs and the promotion of students to the high school.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$81.1 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$6.5 million from the prior fiscal year, primarily due to school improvements, purchases of vehicles and equipment and contributions of land and equipment. Total depreciation expense for the current fiscal year was \$2.2 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2011 and June 30, 2010.

	As of June 30, 2011	As of June 30, 2010
Capital assets – non-depreciable	\$ 7,463,048	\$ 2,249,664
Capital assets – depreciable, net	61,825,557	62,561,164
Total	<u>\$ 69,288,605</u>	<u>\$ 64,810,828</u>

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

Debt Administration. At year-end, the District had \$19.1 million in long-term debt outstanding, \$2.0 million due within one year. This represents a net increase of \$5.7 million due to the issuance of a \$7.6 million school improvement bond and the retirement of debt.

**LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 5 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$48.7 million and the Class B debt limit is \$16.2 million. The District exceeded the Class B bond limit due to the recent drop in assessed values; however, after the last bond issuance in July 2010, the District's outstanding Class B debt was below the limit.

Additional information on the District's long-term debt can be found in Notes 7-9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2011-12 budget. Among them:

- Fiscal year 2010-11 budget balance carry forward (estimated \$750,000).
- District student population (estimated 5,000).
- Employee salaries.

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

Budgeted expenditures in the General Fund decreased to \$25.6 million in fiscal year 2011-12. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2011-12 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Littleton Elementary School District No. 65, 1600 S. 107th Avenue, Avondale, Arizona 85323.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activites
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 16,288,357
Property taxes receivable	883,175
Due from governmental entities	6,661,353
Prepaid items	465,501
Total current assets	<u>24,298,386</u>
Noncurrent assets:	
Land	5,675,828
Land improvements	1,007,927
Buildings and improvements	67,096,322
Vehicles, furniture and equipment	5,514,355
Construction in progress	1,787,220
Accumulated depreciation	<u>(11,793,047)</u>
Total noncurrent assets	<u>69,288,605</u>
Total assets	<u><u>93,586,991</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	238,389
Construction contracts payable	1,717,618
Due to governmental entities	46,301
Accrued payroll and employee benefits	486,716
Compensated absences payable	60,000
Accrued interest payable	515,628
Unearned revenues	5,239
Obligations under capital leases	134,146
Bonds payable	2,035,000
Total current liabilities	<u>5,239,037</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>18,792,241</u>
Total noncurrent liabilities	<u>18,792,241</u>
Total liabilities	<u><u>24,031,278</u></u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	55,214,369
Restricted for:	
Special Purposes	1,801,837
Debt service	595,424
Capital outlay	5,778,811
Unrestricted	<u>6,165,272</u>
Total net assets	<u><u>\$ 69,555,713</u></u>

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					Governmental Activities
Instruction	\$ 19,716,894	\$ 114,412	\$ 954,435	\$ 3,572,827	\$ (15,075,220)
Support services - students and staff	4,284,328		790,879		(3,493,449)
Support services - administration	3,306,402		412,111		(2,894,291)
Operation and maintenance of plant services	3,363,703	155,462	78,120	97,000	(3,033,121)
Student transportation services	1,413,880		51,977		(1,361,903)
Operation of non-instructional services	3,095,289	409,644	2,905,043		219,398
Interest on long-term debt	891,287		230,777	24,519	(635,991)
Total governmental activities	\$ 36,071,783	\$ 679,518	\$ 5,423,342	\$ 3,694,346	(26,274,577)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					7,475,059
Property taxes, levied for debt service					2,967,448
Property taxes, levied for capital outlay					115,017
Investment income					188,897
Unrestricted county aid					1,746,005
Unrestricted state aid					17,151,308
Unrestricted federal aid					204,011
Total general revenues					29,847,745
Changes in net assets					3,573,168
Net assets, beginning of year					65,982,545
Net assets, end of year					\$ 69,555,713

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FUND FINANCIAL STATEMENTS

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,911,042	\$ 2,913,171	\$ 7,419,459
Property taxes receivable	739,619	107,761	
Due from governmental entities	5,658,635	125,120	
Due from other funds			
Prepaid items	465,501		
Total assets	<u><u>\$ 8,774,797</u></u>	<u><u>\$ 3,146,052</u></u>	<u><u>\$ 7,419,459</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 162,556	\$	\$
Construction contracts payable			1,471,382
Due to governmental entities	46,301		
Due to other funds			
Accrued payroll and employee benefits			
Deferred revenues	726,033	93,594	
Bonds payable		2,035,000	
Bond interest payable		515,628	
Total liabilities	<u><u>934,890</u></u>	<u><u>2,644,222</u></u>	<u><u>1,471,382</u></u>
Fund balances:			
Nonspendable	465,501		
Restricted	1,854,699	501,830	5,948,077
Unassigned	5,519,707		
Total fund balances	<u><u>7,839,907</u></u>	<u><u>501,830</u></u>	<u><u>5,948,077</u></u>
Total liabilities and fund balances	<u><u>\$ 8,774,797</u></u>	<u><u>\$ 3,146,052</u></u>	<u><u>\$ 7,419,459</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 4,044,685	\$ 16,288,357
35,795	883,175
877,598	6,661,353
508,783	508,783
	465,501
<u>\$ 5,466,861</u>	<u>\$ 24,807,169</u>

\$ 75,833	\$ 238,389
246,236	1,717,618
	46,301
508,783	508,783
486,716	486,716
87,015	906,642
	2,035,000
	515,628
<u>1,404,583</u>	<u>6,455,077</u>

	465,501
4,062,278	12,366,884
	5,519,707
<u>4,062,278</u>	<u>18,352,092</u>
<u>\$ 5,466,861</u>	<u>\$ 24,807,169</u>

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total governmental fund balances	\$	18,352,092
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Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 81,081,652	
Less accumulated depreciation	<u>(11,793,047)</u>	69,288,605

Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes	854,841	
Intergovernmental	<u>46,562</u>	901,403

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

Compensated absences payable	(999,074)	
Obligations under capital leases	(937,313)	
Bonds payable	<u>(17,050,000)</u>	<u>(18,986,387)</u>

Net assets of governmental activities	\$	<u>69,555,713</u>
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The notes to the basic financial statements are an integral part of this statement.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 1,978,237	\$ 5,705	\$ 90,300
Property taxes	7,475,022	2,926,596	
State aid and grants	16,057,077		
Federal aid, grants and reimbursements	549,295	230,777	
Total revenues	<u>26,059,631</u>	<u>3,163,078</u>	<u>90,300</u>
Expenditures:			
Current -			
Instruction	14,485,349		
Support services - students and staff	3,407,589		
Support services - administration	2,614,892		
Operation and maintenance of plant services	2,711,148		
Student transportation services	1,043,718		
Operation of non-instructional services	66,570		
Capital outlay	828,904		2,694,568
Debt service -			
Principal retirement	125,601	2,035,000	
Interest and fiscal charges	79,009	692,951	
Bond issuance costs			253,511
Total expenditures	<u>25,362,780</u>	<u>2,727,951</u>	<u>2,948,079</u>
Excess (deficiency) of revenues over expenditures	<u>696,851</u>	<u>435,127</u>	<u>(2,857,779)</u>
Other financing sources (uses):			
Transfers in	312,046	87,798	
Transfers out			(87,798)
Issuance of school improvement bonds			7,600,000
Premium on sale of bonds			134,184
Total other financing sources (uses):	<u>312,046</u>	<u>87,798</u>	<u>7,646,386</u>
Changes in fund balances	<u>1,008,897</u>	<u>522,925</u>	<u>4,788,607</u>
Fund balances (deficits), beginning of year	6,665,947	(21,095)	1,159,470
Increase (decrease) in reserve for prepaid items	206,132		
Increase (decrease) in reserve for inventory	(41,069)		
Fund balances (deficits), end of year	<u>\$ 7,839,907</u>	<u>\$ 501,830</u>	<u>\$ 5,948,077</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 592,424	\$ 2,666,666
321,963	10,723,581
1,132,780	17,189,857
4,917,386	5,697,458
<u>6,964,553</u>	<u>36,277,562</u>
2,902,835	17,388,184
556,335	3,963,924
467,979	3,082,871
65,136	2,776,284
62,397	1,106,115
2,899,637	2,966,207
1,261,024	4,784,496
	2,160,601
	771,960
	253,511
<u>8,215,343</u>	<u>39,254,153</u>
<u>(1,250,790)</u>	<u>(2,976,591)</u>
	399,844
(312,046)	(399,844)
	7,600,000
	134,184
<u>(312,046)</u>	<u>7,734,184</u>
<u>(1,562,836)</u>	<u>4,757,593</u>
5,711,474	13,515,796
	206,132
(86,360)	(127,429)
<u>\$ 4,062,278</u>	<u>\$ 18,352,092</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net changes in fund balances - total governmental funds **\$ 4,836,296**

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

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

Expenditures for capitalized assets	\$ 3,203,436	
Less current year depreciation	<u>(2,248,823)</u>	954,613

Donations of capital assets are not reflected on the governmental funds, but are shown in the Statement of Activities.		3,523,164
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(164,935)	
Intergovernmental	<u>9,160</u>	(155,775)

Bond proceeds provide current financial resources to the governmental funds, but the issuance increases long-term liabilities in the Statement of Activities.		(7,600,000)
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Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Capital lease principal retirement	125,601	
Bond principal retirement	<u>2,035,000</u>	2,160,601

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(145,731)</u>
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Change in net assets in governmental activities **\$ 3,573,168**

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 127,998
Total assets	<u><u>\$ 127,998</u></u>
 <u>LIABILITIES</u>	
Deposits held for others	\$ 98,970
Due to student groups	29,028
Total liabilities	<u><u>\$ 127,998</u></u>

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Littleton Elementary School District No. 65 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2011, the District implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

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

A. Reporting Entity

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

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

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

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

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

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

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District's Maintenance and Operation Fund as well as the Medicaid Reimbursement, School Plant, Auxiliary Operations, Gifts and Donations, School Opening, Insurance Proceeds, Litigation Recovery, Indirect Costs, Advertisement, Unrestricted Capital Outlay and Soft Capital Allocation Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

Additionally, the District reports the following fund type:

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. This fund type includes the Student Activities Fund which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds

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

D. Cash and Investments

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

E. Investment Income

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Receivables and Payables

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

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

G. Property Tax Calendar

Property tax levies are obtained by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10 percent from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which 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. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

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

H. Prepaid Items

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Capital Assets

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	15 - 50 years
Vehicles, furniture and equipment	5 - 20 years

J. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Accrued sick leave is earned by all full-time employees at the rate of one day for each calendar month or fraction thereof worked. In the event of termination, an employee is reimbursed for accrued sick leave at varying rates depending on position of classified or certified and the number of sick days accumulated. All 12-month classified employees earn vacation; however, vacation time may only accumulate to a maximum of 25 days for administrators and 15 days for non-administrators. The current and long term liabilities, including related benefits, for accumulated vacation and sick leave, are reported on the government-wide financial statements. A liability for these amounts is recorded in the governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

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

L. Interfund Activity

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

M. Estimates

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

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

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

	General Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 465,501	\$	\$	\$
Restricted:				
Debt service		501,830		
Capital projects	1,854,699			2,312,242
Bond building projects			5,948,077	
Voter approved initiatives				868,001
Federal and State projects				62,465
Food service				513,474
Other purposes				306,096
Unassigned	5,519,707			
Total fund balances	<u>\$ 7,839,907</u>	<u>\$ 501,830</u>	<u>\$ 5,948,077</u>	<u>\$ 4,062,278</u>

The July 1, 2010 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds due to the new fund type definitions specified in GASB Statement No. 54.

	General Fund	Non-Major Governmental Funds	Internal Service Fund
Fund balance, June 30, 2010, as previously reported	\$ 843,429	\$ 11,450,672	\$ 83,320
Reclassification of funds	<u>5,822,518</u>	<u>(5,739,198)</u>	<u>(83,320)</u>
Fund balance, July 1, 2010, as restated	<u>\$ 6,665,947</u>	<u>\$ 5,711,474</u>	<u>\$</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the District to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$129,757 and the bank balance was \$145,308. At year end, \$145,308 of the District's deposits were fully insured.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. No regulatory oversight is provided for the County Treasurer's investment pool and that pool's structure does not provide for shares.

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	643 days	\$ 16,286,598
Total		<u>\$ 16,286,598</u>

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency. The State Treasurer's investment pool 5 was rated AAA/S1+ by Standard and Poor's at year end.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

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

NOTE 5 – RECEIVABLES

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

	General Fund	Debt Service Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from Federal government	\$ 8,091	\$ 125,120	\$ 611,680
Due from State government	5,650,544		265,918
Net due from governmental entities	<u>\$ 5,658,635</u>	<u>\$ 125,120</u>	<u>\$ 877,598</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 726,033	\$
Delinquent property taxes receivable (Debt Service Fund)	93,594	
Delinquent property taxes receivable (Non-Major governmental funds)	35,214	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		5,239
Measurable but unavailable revenues (Non-Major Governmental Funds)	46,562	
Total deferred revenue for governmental funds	<u>\$ 901,403</u>	<u>\$ 5,239</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,249,664	\$ 3,426,164	\$	\$ 5,675,828
Construction in progress		1,787,220		1,787,220
Total capital assets, not being depreciated	<u>2,249,664</u>	<u>5,213,384</u>		<u>7,463,048</u>
Capital assets, being depreciated:				
Land improvements	1,007,927			1,007,927
Buildings and improvements	66,225,932	906,287	35,897	67,096,322
Vehicles, furniture and equipment	5,145,260	606,929	237,834	5,514,355
Total capital assets being depreciated	<u>72,379,119</u>	<u>1,513,216</u>	<u>273,731</u>	<u>73,618,604</u>
Less accumulated depreciation for:				
Land improvements	(569,865)	(56,840)		(626,705)
Buildings and improvements	(7,359,811)	(1,728,659)	(35,897)	(9,052,573)
Vehicles, furniture and equipment	(1,888,279)	(463,324)	(237,834)	(2,113,769)
Total accumulated depreciation	<u>(9,817,955)</u>	<u>(2,248,823)</u>	<u>(273,731)</u>	<u>(11,793,047)</u>
Total capital assets, being depreciated, net	<u>62,561,164</u>	<u>(735,607)</u>		<u>61,825,557</u>
Governmental activities capital assets, net	<u>\$ 64,810,828</u>	<u>\$ 4,477,777</u>	<u>\$</u>	<u>\$ 69,288,605</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 1,669,366
Support services – students and staff	75,009
Support services – administration	108,866
Operation and maintenance of plant services	198,545
Student transportation services	157,837
Operation of non-instructional services	39,200
Total depreciation expense – governmental activities	<u>\$ 2,248,823</u>

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired energy upgrades and copiers under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, are used to pay the capital lease obligations.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES (Concl'd)

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

	<u>Governmental Activities</u>
Asset:	
Building improvements	\$ 938,038
Vehicles, furniture and equipment	269,384
Less: Accumulated depreciation	<u>211,490</u>
Total	<u><u>\$ 995,932</u></u>

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

Year Ending June 30:	<u>Governmental Activities</u>
2012	\$ 204,610
2013	136,917
2014	136,916
2015	136,917
2016	136,917
2017-20	<u>547,666</u>
Total minimum lease payments	1,299,943
Less: amount representing interest	<u>362,630</u>
Present value of minimum lease payments	<u><u>\$ 937,313</u></u>
Due within one year	<u><u>\$ 134,146</u></u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation and refunding bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Refunding					
Bonds, Series 2001	\$ 1,230,000	4.875-5.0%	7/1/11-14	\$ 1,005,000	\$ 230,000
School Improvement Bonds, Project of 2006, Series A (2007)	8,000,000	4.0%	7/1/11-15	3,500,000	1,020,000
School Improvement Bonds, Project of 2006, Series B (2007)	7,830,000	3.0-4.0%	7/1/11-20	6,980,000	175,000
School Improvement Bonds, Project of 2009 Series A-1 (2010)	4,600,000	6.623%	7/1/18-27	4,600,000	
School Improvement Bonds, Project of 2009 Series A-2 (2010)	3,000,000	3.0-4.0%	7/1/11-17	3,000,000	610,000
Total				<u>\$ 19,085,000</u>	<u>\$ 2,035,000</u>

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

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,035,000	\$ 907,426
2013	1,685,000	750,208
2014	1,880,000	679,439
2015	1,640,000	611,258
2016	1,450,000	554,833
2017-21	7,180,000	1,885,377
2022-26	2,270,000	692,765
2027-28	945,000	62,754
Total	<u>\$ 19,085,000</u>	<u>\$ 6,144,060</u>

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$2,350,000 of defeased bonds are still outstanding.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 13,390,000	\$ 7,600,000	\$ 1,905,000	\$ 19,085,000	\$ 2,035,000
Obligations under capital leases	1,062,914		125,601	937,313	134,146
Compensated absences payable	853,343	470,755	325,024	999,074	60,000
Governmental activity long-term liabilities	<u>\$ 15,306,257</u>	<u>\$ 8,070,755</u>	<u>\$ 2,355,625</u>	<u>\$ 21,021,387</u>	<u>\$ 2,229,146</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

Due to Non-Major Governmental Funds	Due from Non-Major Governmental Funds
	\$ 508,783
Total	<u>\$ 508,783</u>

At year end, several funds had negative cash balances in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)

Interfund transfers:

	Transfers in		
	General	Debt	
Transfers out	Fund	Service	Total
Bond Building Fund	\$	\$ 87,798	\$ 87,798
Non-Major Governmental Funds	312,046		312,046
Total	<u>\$ 312,046</u>	<u>\$ 87,798</u>	<u>\$ 399,844</u>

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

NOTE 11 – CONTINGENT LIABILITIES

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

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

NOTE 12 – RISK MANAGEMENT

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 – RISK MANAGEMENT (Concl'd)

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

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District contributes to the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

Plan Description – Benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778. The report is also available on the ASRS' website at www.azasrs.gov.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.60 percent for retirement and 0.25 percent for long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll.

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

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Years ended June 30,			
2011	\$ 1,653,931	\$ 108,304	\$ 45,892
2010	1,658,697	131,264	79,554
2009	1,745,352	209,704	109,221

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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
(Required Supplementary Information)**

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues:				
Other local	\$ 1,733,563	\$ 1,733,563	\$ 1,684,463	\$ (49,100)
Property taxes	7,531,262	6,892,925	7,463,287	570,362
State aid and grants	9,708,039	10,346,376	14,978,130	4,631,754
Federal aid, grants and reimbursements	204,011	204,011	204,011	
Total revenues	<u>19,176,875</u>	<u>19,176,875</u>	<u>24,329,891</u>	<u>5,153,016</u>
Expenditures:				
Regular education				
Instruction	10,424,440	11,948,644	11,267,322	681,322
Support services - students and staff	1,532,530	1,696,891	1,743,290	(46,399)
Support services - administration	3,031,328	2,419,156	2,533,267	(114,111)
Operation and maintenance of plant services	2,962,239	2,975,205	2,707,276	267,929
Operation of non-instructional services	27,821	27,821	66,570	(38,749)
Total regular education	<u>17,978,358</u>	<u>19,067,717</u>	<u>18,317,725</u>	<u>749,992</u>
Special education				
Instruction	4,088,555	3,297,694	2,678,928	618,766
Support services - students and staff	1,511,397	1,436,187	1,583,919	(147,732)
Support services - administration			38	(38)
Total special education	<u>5,599,952</u>	<u>4,733,881</u>	<u>4,262,885</u>	<u>470,996</u>
Pupil transportation				
Student transportation services	1,067,586	1,043,514	1,034,946	8,568
Total pupil transportation	<u>1,067,586</u>	<u>1,043,514</u>	<u>1,034,946</u>	<u>8,568</u>
Special k-3 program override				
Instruction	1,106,376	1,106,376	1,106,375	1
Total special k-3 program override	<u>1,106,376</u>	<u>1,106,376</u>	<u>1,106,375</u>	<u>1</u>
Total expenditures	<u>25,752,272</u>	<u>25,951,488</u>	<u>24,721,931</u>	<u>1,229,557</u>
Excess (deficiency) of revenues over expenditures	<u>(6,575,397)</u>	<u>(6,774,613)</u>	<u>(392,040)</u>	<u>6,382,573</u>
Other financing sources (uses):				
Transfers in	16,104	16,104		(16,104)
Total other financing sources (uses):	<u>16,104</u>	<u>16,104</u>		<u>(16,104)</u>
Changes in fund balances	<u>(6,559,293)</u>	<u>(6,758,509)</u>	<u>(392,040)</u>	<u>6,366,469</u>
Fund balances, beginning of year	266,906	266,906	732,211	465,305
Increase (decrease) in reserve for prepaid items			1,056,132	1,056,132
Increase (decrease) in reserve for inventory			(41,069)	(41,069)
Fund balances (deficits), end of year	<u>\$ (6,292,387)</u>	<u>\$ (6,491,603)</u>	<u>\$ 1,355,234</u>	<u>\$ 7,846,837</u>

See accompanying notes to this schedule.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exceptions: 1) a portion of the General Fund activity is budgeted for separately as special revenue and capital projects funds, 2) a portion of fiscal year 2011-12 insurance payments were charged against the fiscal year 2010-11 budget, 3) a portion of the fiscal year 2010-11 insurance payments were budgeted for in fiscal year 2009-10. Consequently, the following adjustments were necessary to present actual expenditures, increase for prepaid items, fund balance at July 1, 2010 and fund balance at June 30, 2011 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total Expenditures</u>	<u>Increase for Prepaid Items</u>	<u>Fund Balance, June 30, 2011</u>	<u>Fund Balance, July 1, 2010</u>
Statement of Revenues, Expenditures and Changes in Fund Balances –				
Governmental Funds	\$ 25,362,780	\$ 206,132	\$ 7,839,907	\$ 6,665,947
Fiscal year 2010-11 activity budgeted as special revenue/capital projects funds	(1,296,311)		(6,484,673)	(5,739,198)
Fiscal year 2011-12 insurance payments charged against fiscal year 2010-11 budget	850,000	850,000		
Fiscal year 2010-11 insurance payments budgeted in 2009-10	(194,538)			(194,538)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 24,721,931</u>	<u>\$ 1,056,132</u>	<u>\$ 1,355,234</u>	<u>\$ 732,211</u>

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

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GOVERNMENTAL FUNDS

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,486,788	\$ 2,557,897	\$ 4,044,685
Property taxes receivable		35,795	35,795
Due from governmental entities	877,598		877,598
Due from other funds	508,783		508,783
Total assets	<u><u>\$ 2,873,169</u></u>	<u><u>\$ 2,593,692</u></u>	<u><u>\$ 5,466,861</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 75,833	\$	\$ 75,833
Construction contracts payable		246,236	246,236
Due to other funds	508,783		508,783
Accrued payroll and employee benefits	486,716		486,716
Deferred revenues	51,801	35,214	87,015
Total liabilities	<u>1,123,133</u>	<u>281,450</u>	<u>1,404,583</u>
Fund balances:			
Restricted	1,750,036	2,312,242	4,062,278
Total fund balances	<u>1,750,036</u>	<u>2,312,242</u>	<u>4,062,278</u>
Total liabilities and fund balances	<u><u>\$ 2,873,169</u></u>	<u><u>\$ 2,593,692</u></u>	<u><u>\$ 5,466,861</u></u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 555,017	\$ 37,407	\$ 592,424
Property taxes		321,963	321,963
State aid and grants	1,132,780		1,132,780
Federal aid, grants and reimbursements	4,917,386		4,917,386
Total revenues	<u>6,605,183</u>	<u>359,370</u>	<u>6,964,553</u>
Expenditures:			
Current -			
Instruction	2,902,835		2,902,835
Support services - students and staff	556,335		556,335
Support services - administration	467,979		467,979
Operation and maintenance of plant services	65,136		65,136
Student transportation services	62,397		62,397
Operation of non-instructional services	2,899,637		2,899,637
Capital outlay	290,487	970,537	1,261,024
Total expenditures	<u>7,244,806</u>	<u>970,537</u>	<u>8,215,343</u>
Excess (deficiency) of revenues over expenditures	<u>(639,623)</u>	<u>(611,167)</u>	<u>(1,250,790)</u>
Other financing sources (uses):			
Transfers out	(312,046)		(312,046)
Total other financing sources (uses):	<u>(312,046)</u>		<u>(312,046)</u>
Changes in fund balances	<u>(951,669)</u>	<u>(611,167)</u>	<u>(1,562,836)</u>
Fund balances, beginning of year	2,788,065	2,923,409	5,711,474
Increase (decrease) in reserve for inventory	(86,360)		(86,360)
Fund balances, end of year	<u>\$ 1,750,036</u>	<u>\$ 2,312,242</u>	<u>\$ 4,062,278</u>

SPECIAL REVENUE FUNDS

The following Special Revenue Funds are maintained by the District. Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR) require the establishment of these funds for the specified financial activities.

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

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

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

Structured English Immersion - to account for monies received to provide for the incremental cost of instruction to English language learners.

Compensatory Instruction - to account for monies received for programs in addition to normal classroom instruction to improve the English proficiency of current English language learners.

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

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

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

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

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

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

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

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

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

SPECIAL REVENUE FUNDS (Concluded)

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

Food Service - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

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

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

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

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

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

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

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

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

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

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

Indirect Costs - to account for monies transferred from Federal projects for administrative costs.

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

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Structured English Immersion</u>
<u>ASSETS</u>			
Cash and investments	\$ 808,232	\$	\$ 1,689
Due from governmental entities	192,493	73,425	
Due from other funds		280,567	
Total assets	<u>\$ 1,000,725</u>	<u>\$ 353,992</u>	<u>\$ 1,689</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	486,716		
Deferred revenues			1,689
Total liabilities	<u>486,716</u>		<u>1,689</u>
Fund balances:			
Restricted	514,009	353,992	
Total fund balances	<u>514,009</u>	<u>353,992</u>	
Total liabilities and fund balances	<u>\$ 1,000,725</u>	<u>\$ 353,992</u>	<u>\$ 1,689</u>

<u>Compensatory Instruction</u>	<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>
\$ 585	\$ 71,933	\$ 17,208	\$ 300 31,679	\$ 8,111	\$ 14,469
<u>\$ 585</u>	<u>\$ 71,933</u>	<u>\$ 17,208</u>	<u>\$ 31,979</u>	<u>\$ 8,111</u>	<u>\$ 14,469</u>
\$	\$ 6,712 65,221	\$ 17,208	\$ 31,979	\$ 8,111	\$ 11,504
585					2,965
<u>585</u>	<u>71,933</u>	<u>17,208</u>	<u>31,979</u>	<u>8,111</u>	<u>14,469</u>
<u>\$ 585</u>	<u>\$ 71,933</u>	<u>\$ 17,208</u>	<u>\$ 31,979</u>	<u>\$ 8,111</u>	<u>\$ 14,469</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>E-Rate</u>	<u>Other Federal Projects</u>	<u>Food Service</u>
<u>ASSETS</u>			
Cash and investments	\$ 34,070	\$	\$ 549,563
Due from governmental entities	74,957	386,264	21,528
Due from other funds			
Total assets	<u>\$ 109,027</u>	<u>\$ 386,264</u>	<u>\$ 571,091</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 57,617
Due to other funds		386,264	
Accrued payroll and employee benefits			
Deferred revenues	46,562		
Total liabilities	<u>46,562</u>	<u>386,264</u>	<u>57,617</u>
Fund balances:			
Restricted	62,465		513,474
Total fund balances	<u>62,465</u>		<u>513,474</u>
Total liabilities and fund balances	<u>\$ 109,027</u>	<u>\$ 386,264</u>	<u>\$ 571,091</u>

<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>
\$	\$ 16,005	\$ 25,176	\$ 560	\$ 21,340	\$ 14,799
204,214		24,002			
<u>\$ 204,214</u>	<u>\$ 16,005</u>	<u>\$ 49,178</u>	<u>\$ 560</u>	<u>\$ 21,340</u>	<u>\$ 14,799</u>
\$	\$	\$	\$	\$	\$
204,214	16,005	49,178	560	21,340	14,799
<u>204,214</u>	<u>16,005</u>	<u>49,178</u>	<u>560</u>	<u>21,340</u>	<u>14,799</u>
<u>\$ 204,214</u>	<u>\$ 16,005</u>	<u>\$ 49,178</u>	<u>\$ 560</u>	<u>\$ 21,340</u>	<u>\$ 14,799</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>Totals</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,486,788
Due from governmental entities	877,598
Due from other funds	<u>508,783</u>
Total assets	<u><u>\$ 2,873,169</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 75,833
Due to other funds	508,783
Accrued payroll and employee benefits	486,716
Deferred revenues	<u>51,801</u>
Total liabilities	<u><u>1,123,133</u></u>
 Fund balances:	
Restricted	<u>1,750,036</u>
Total fund balances	<u><u>1,750,036</u></u>
 Total liabilities and fund balances	<u><u>\$ 2,873,169</u></u>

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 7,305	\$ 3,454	\$ 5,917
State aid and grants	957,511	173,000	
Federal aid, grants and reimbursements			
Total revenues	<u>964,816</u>	<u>176,454</u>	<u>5,917</u>
Expenditures:			
Current -			
Instruction	1,796,486	120,955	5,917
Support services - students and staff	34,156	45,790	
Support services - administration		39,292	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		36,000	
Total expenditures	<u>1,830,642</u>	<u>242,037</u>	<u>5,917</u>
Excess (deficiency) of revenues over expenditures	<u>(865,826)</u>	<u>(65,583)</u>	
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(865,826)</u>	<u>(65,583)</u>	
Fund balances, beginning of year	1,379,835	419,575	
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 514,009</u>	<u>\$ 353,992</u>	<u>\$</u>

<u>Compensatory Instruction</u>	<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>
\$	\$	\$	\$	\$	\$
2,269					
	472,027	136,115	87,121	143,375	709,898
<u>2,269</u>	<u>472,027</u>	<u>136,115</u>	<u>87,121</u>	<u>143,375</u>	<u>709,898</u>
2,269	293,698		58,737	70,761	486,676
	134,865	122,993	22,576	68,511	126,649
	21,625	8,557	500	1,080	1,299
	1,231				
	5,982		174	277	47,731
			3,929	648	1,954
<u>2,269</u>	<u>457,401</u>	<u>131,550</u>	<u>85,916</u>	<u>141,277</u>	<u>664,309</u>
	14,626	4,565	1,205	2,098	45,589
	(14,626)	(4,565)	(1,205)	(2,098)	(45,589)
	<u>(14,626)</u>	<u>(4,565)</u>	<u>(1,205)</u>	<u>(2,098)</u>	<u>(45,589)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	E-Rate	Other Federal Projects	Food Service
Revenues:			
Other local	\$ 2,908	\$	\$ 331,390
State aid and grants			
Federal aid, grants and reimbursements	77,543	386,264	2,905,043
Total revenues	<u>80,451</u>	<u>386,264</u>	<u>3,236,433</u>
Expenditures:			
Current -			
Instruction	24,807		
Support services - students and staff	795		
Support services - administration	8,258	386,264	
Operation and maintenance of plant services	31,487		
Student transportation services			
Operation of non-instructional services			2,899,637
Capital outlay	140,132		106,293
Total expenditures	<u>205,479</u>	<u>386,264</u>	<u>3,005,930</u>
Excess (deficiency) of revenues over expenditures	<u>(125,028)</u>		<u>230,503</u>
Other financing sources (uses):			
Transfers out			(243,963)
Total other financing sources (uses):			<u>(243,963)</u>
Changes in fund balances	<u>(125,028)</u>		<u>(13,460)</u>
Fund balances, beginning of year	187,493		613,294
Increase (decrease) in reserve for inventory			(86,360)
Fund balances, end of year	<u>\$ 62,465</u>	<u>\$</u>	<u>\$ 513,474</u>

Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Insurance Refund
\$ 134,387	\$ 41,286	\$ 24,038	\$ 1,282	\$ 2,891	\$ 159
<u>134,387</u>	<u>41,286</u>	<u>24,038</u>	<u>1,282</u>	<u>2,891</u>	<u>159</u>
	36,400	6,129			
32,418			1,104		
		8,233			
		1,531			
<u>32,418</u>	<u>36,400</u>	<u>15,893</u>	<u>1,104</u>		
<u>101,969</u>	<u>4,886</u>	<u>8,145</u>	<u>178</u>	<u>2,891</u>	<u>159</u>
<u>101,969</u>	<u>4,886</u>	<u>8,145</u>	<u>178</u>	<u>2,891</u>	<u>159</u>
102,245	11,119	41,033	382	18,449	14,640
<u>\$ 204,214</u>	<u>\$ 16,005</u>	<u>\$ 49,178</u>	<u>\$ 560</u>	<u>\$ 21,340</u>	<u>\$ 14,799</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Totals
Revenues:	
Other local	\$ 555,017
State aid and grants	1,132,780
Federal aid, grants and reimbursements	4,917,386
Total revenues	<u>6,605,183</u>
Expenditures:	
Current -	
Instruction	2,902,835
Support services - students and staff	556,335
Support services - administration	467,979
Operation and maintenance of plant services	65,136
Student transportation services	62,397
Operation of non-instructional services	2,899,637
Capital outlay	290,487
Total expenditures	<u>7,244,806</u>
Excess (deficiency) of revenues over expenditures	<u>(639,623)</u>
Other financing sources (uses):	
Transfers out	(312,046)
Total other financing sources (uses):	<u>(312,046)</u>
Changes in fund balances	<u>(951,669)</u>
Fund balances, beginning of year	2,788,065
Increase (decrease) in reserve for inventory	(86,360)
Fund balances, end of year	<u><u>\$ 1,750,036</u></u>

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 7,305	\$ 7,305
State aid and grants		957,511	957,511
Federal aid, grants and reimbursements			
Total revenues		<u>964,816</u>	<u>964,816</u>
Expenditures:			
Current -			
Instruction	2,913,587	1,796,486	1,117,101
Support services - students and staff	16,118	34,156	(18,038)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>2,929,705</u>	<u>1,830,642</u>	<u>1,099,063</u>
Excess (deficiency) of revenues over expenditures	<u>(2,929,705)</u>	<u>(865,826)</u>	<u>2,063,879</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,929,705)</u>	<u>(865,826)</u>	<u>2,063,879</u>
Fund balances, beginning of year		1,379,835	1,379,835
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (2,929,705)</u>	<u>\$ 514,009</u>	<u>\$ 3,443,714</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3,454 173,000	\$ 3,454 173,000	\$	\$ 5,917	\$ 5,917
	176,454	176,454		5,917	5,917
119,937	120,955	(1,018)	6,000	5,917	83
45,405	45,790	(385)			
38,961	39,292	(331)			
35,697	36,000	(303)			
240,000	242,037	(2,037)	6,000	5,917	83
(240,000)	(65,583)	174,417	(6,000)		6,000
(240,000)	(65,583)	174,417	(6,000)		6,000
	419,575	419,575			
\$ (240,000)	\$ 353,992	\$ 593,992	\$ (6,000)	\$	\$ 6,000

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Structured English Immersion		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants	1,689		(1,689)
Federal aid, grants and reimbursements			
Total revenues	<u>1,689</u>	<u></u>	<u>(1,689)</u>
Expenditures:			
Current -			
Instruction	1,689		1,689
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,689</u>	<u></u>	<u>1,689</u>
Excess (deficiency) of revenues over expenditures	<u></u>	<u></u>	<u></u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):	<u></u>	<u></u>	<u></u>
Changes in fund balances	<u></u>	<u></u>	<u></u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Compensatory Instruction			Title I Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 2,854	\$ 2,269	\$ (585)	\$ 462,936	\$ 472,027	\$ 9,091
<u>2,854</u>	<u>2,269</u>	<u>(585)</u>	<u>462,936</u>	<u>472,027</u>	<u>9,091</u>
2,854	2,269	585	288,041	293,698	(5,657)
			132,267	134,865	(2,598)
			21,209	21,625	(416)
			1,207	1,231	(24)
			5,868	5,982	(114)
<u>2,854</u>	<u>2,269</u>	<u>585</u>	<u>448,592</u>	<u>457,401</u>	<u>(8,809)</u>
			<u>14,344</u>	<u>14,626</u>	<u>282</u>
			(14,344)	(14,626)	(282)
			<u>(14,344)</u>	<u>(14,626)</u>	<u>(282)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	138,647	136,115	(2,532)
Total revenues	<u>138,647</u>	<u>136,115</u>	<u>(2,532)</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	125,281	122,993	2,288
Support services - administration	8,716	8,557	159
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>133,997</u>	<u>131,550</u>	<u>2,447</u>
Excess (deficiency) of revenues over expenditures	<u>4,650</u>	<u>4,565</u>	<u>(85)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(4,650)	(4,565)	85
Total other financing sources (uses):	<u>(4,650)</u>	<u>(4,565)</u>	<u>85</u>
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Title IV Grants			Limited English & Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
90,000	87,121	(2,879)	163,162	143,375	(19,787)
90,000	87,121	(2,879)	163,162	143,375	(19,787)
60,677	58,737	1,940	80,527	70,761	9,766
23,322	22,576	746	77,966	68,511	9,455
517	500	17	1,229	1,080	149
180	174	6	315	277	38
4,059	3,929	130	737	648	89
88,755	85,916	2,839	160,774	141,277	19,497
1,245	1,205	(40)	2,388	2,098	(290)
(1,245)	(1,205)	40	(2,388)	(2,098)	290
(1,245)	(1,205)	40	(2,388)	(2,098)	290
\$	\$	\$	\$	\$	\$

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	786,096	709,898	(76,198)
Total revenues	<u>786,096</u>	<u>709,898</u>	<u>(76,198)</u>
Expenditures:			
Current -			
Instruction	538,914	486,676	52,238
Support services - students and staff	140,243	126,649	13,594
Support services - administration	1,438	1,299	139
Operation and maintenance of plant services			
Student transportation services	52,854	47,731	5,123
Operation of non-instructional services			
Capital outlay	2,165	1,954	211
Total expenditures	<u>735,614</u>	<u>664,309</u>	<u>71,305</u>
Excess (deficiency) of revenues over expenditures	<u>50,482</u>	<u>45,589</u>	<u>(4,893)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(50,482)	(45,589)	4,893
Total other financing sources (uses):	<u>(50,482)</u>	<u>(45,589)</u>	<u>4,893</u>
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 11,594	\$ 11,594	\$	\$ 2,908	\$ 2,908
169,050	320,765	151,715	104,500	77,543	(26,957)
169,050	332,359	163,309	104,500	80,451	(24,049)
9,919	592	9,327	12,616	24,807	(12,191)
			404	795	(391)
			4,200	8,258	(4,058)
			16,013	31,487	(15,474)
159,131	9,497	149,634	71,267	140,132	(68,865)
169,050	10,089	158,961	104,500	205,479	(100,979)
	322,270	322,270		(125,028)	(125,028)
	322,270	322,270		(125,028)	(125,028)
	1,238,082	1,238,082		187,493	187,493
\$	\$ 1,560,352	\$ 1,560,352	\$	\$ 62,465	\$ 62,465

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Other Federal Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	863,750	386,264	(477,486)
Total revenues	<u>863,750</u>	<u>386,264</u>	<u>(477,486)</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	863,750	386,264	477,486
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>863,750</u>	<u>386,264</u>	<u>477,486</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 75,000	\$	\$ (75,000)	\$ 23,544	\$ 23,546	\$ 2
75,000		(75,000)	23,544	23,546	2
75,000		75,000	5,000	4,938	62
75,000		75,000	5,000	4,938	62
			18,544	18,608	64
			18,544	18,608	64
			23,164	23,165	1
\$	\$	\$	\$ 41,708	\$ 41,773	\$ 65

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Food Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 304,953	\$ 331,390	\$ 26,437
State aid and grants			
Federal aid, grants and reimbursements	2,744,574	2,905,043	160,469
Total revenues	<u>3,049,527</u>	<u>3,236,433</u>	<u>186,906</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	2,944,875	2,899,637	45,238
Capital outlay	107,951	106,293	1,658
Total expenditures	<u>3,052,826</u>	<u>3,005,930</u>	<u>46,896</u>
Excess (deficiency) of revenues over expenditures	<u>(3,299)</u>	<u>230,503</u>	<u>233,802</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(247,769)	(243,963)	3,806
Total other financing sources (uses):	<u>(247,769)</u>	<u>(243,963)</u>	<u>3,806</u>
Changes in fund balances	<u>(251,068)</u>	<u>(13,460)</u>	<u>237,608</u>
Fund balances, beginning of year	526,933	613,294	86,361
Increase (decrease) in reserve for inventory		(86,360)	(86,360)
Fund balances (deficits), end of year	<u>\$ 275,865</u>	<u>\$ 513,474</u>	<u>\$ 237,609</u>

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 165,255	\$ 134,387	\$ (30,868)	\$ 36,142	\$ 41,286	\$ 5,144
<u>165,255</u>	<u>134,387</u>	<u>(30,868)</u>	<u>36,142</u>	<u>41,286</u>	<u>5,144</u>
			100,000	36,400	63,600
25,000	32,418	(7,418)			
<u>25,000</u>	<u>32,418</u>	<u>(7,418)</u>	<u>100,000</u>	<u>36,400</u>	<u>63,600</u>
140,255	101,969	(38,286)	(63,858)	4,886	68,744
<u>140,255</u>	<u>101,969</u>	<u>(38,286)</u>	<u>(63,858)</u>	<u>4,886</u>	<u>68,744</u>
140,255	101,969	(38,286)	(63,858)	4,886	68,744
<u>140,255</u>	<u>101,969</u>	<u>(38,286)</u>	<u>(63,858)</u>	<u>4,886</u>	<u>68,744</u>
71,376	102,245	30,869	16,263	11,119	(5,144)
<u>\$ 211,631</u>	<u>\$ 204,214</u>	<u>\$ (7,417)</u>	<u>\$ (47,595)</u>	<u>\$ 16,005</u>	<u>\$ 63,600</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Auxiliary Operations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 80,803	\$ 89,769	\$ 8,966
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>80,803</u>	<u>89,769</u>	<u>8,966</u>
Expenditures:			
Current -			
Instruction	21,139	34,131	(12,992)
Support services - students and staff	1,813	2,928	(1,115)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	2,048	3,307	(1,259)
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>25,000</u>	<u>40,366</u>	<u>(15,366)</u>
Excess (deficiency) of revenues over expenditures	<u>55,803</u>	<u>49,403</u>	<u>(6,400)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>55,803</u>	<u>49,403</u>	<u>(6,400)</u>
Fund balances, beginning of year	217	30,657	30,440
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 56,020</u>	<u>\$ 80,060</u>	<u>\$ 24,040</u>

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 24,036	\$ 24,038	\$ 2	\$ 54,207	\$ 53,658	\$ (549)
<u>24,036</u>	<u>24,038</u>	<u>2</u>	<u>54,207</u>	<u>53,658</u>	<u>(549)</u>
19,282	6,129	13,153	38,552	32,593	5,959
			2,657	2,246	411
			3,157	2,669	488
25,901	8,233	17,668	2,531	2,140	391
4,817	1,531	3,286	3,103	2,623	480
<u>50,000</u>	<u>15,893</u>	<u>34,107</u>	<u>50,000</u>	<u>42,271</u>	<u>7,729</u>
<u>(25,964)</u>	<u>8,145</u>	<u>34,109</u>	<u>4,207</u>	<u>11,387</u>	<u>7,180</u>
<u>(25,964)</u>	<u>8,145</u>	<u>34,109</u>	<u>4,207</u>	<u>11,387</u>	<u>7,180</u>
41,033	41,033		129,574	130,125	551
<u>\$ 15,069</u>	<u>\$ 49,178</u>	<u>\$ 34,109</u>	<u>\$ 133,781</u>	<u>\$ 141,512</u>	<u>\$ 7,731</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Fingerprint		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 1,281	\$ 1,282	\$ 1
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>1,281</u>	<u>1,282</u>	<u>1</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	5,000	1,104	3,896
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>5,000</u>	<u>1,104</u>	<u>3,896</u>
Excess (deficiency) of revenues over expenditures	<u>(3,719)</u>	<u>178</u>	<u>3,897</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(3,719)</u>	<u>178</u>	<u>3,897</u>
Fund balances, beginning of year	381	382	1
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (3,338)</u>	<u>\$ 560</u>	<u>\$ 3,898</u>

School Opening			Insurance Proceeds		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 31	\$ 31	\$	\$ 7,037	\$ 7,037	\$
31	31		7,037	7,037	
			50,000	2,953	47,047
			50,000	2,953	47,047
31	31		(42,963)	4,084	47,047
31	31		(42,963)	4,084	47,047
2,877	2,878	1	2,277	2,278	1
\$ 2,908	\$ 2,909	\$ 1	\$ (40,686)	\$ 6,362	\$ 47,048

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Textbooks		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 2,992	\$ 2,891	\$ (101)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>2,992</u>	<u>2,891</u>	<u>(101)</u>
Expenditures:			
Current -			
Instruction	20,000		20,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>20,000</u>	<u></u>	<u>20,000</u>
Excess (deficiency) of revenues over expenditures	<u>(17,008)</u>	<u>2,891</u>	<u>19,899</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):	<u></u>	<u></u>	<u></u>
Changes in fund balances	<u>(17,008)</u>	<u>2,891</u>	<u>19,899</u>
Fund balances, beginning of year	18,448	18,449	1
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ 1,440</u>	<u>\$ 21,340</u>	<u>\$ 19,900</u>

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 810	\$ 810	\$	\$ 9,814	\$ 13,115	\$ 3,301
810	810		9,814	13,115	3,301
50,000	20,870	29,130			
			141,016	75,206	65,810
			138,718	73,980	64,738
			7,260	3,872	3,388
			698	372	326
			68,230	36,388	31,842
50,000	20,870	29,130	355,922	189,818	166,104
(49,190)	(20,060)	29,130	(346,108)	(176,703)	169,405
			54,956	312,046	257,090
			54,956	312,046	257,090
(49,190)	(20,060)	29,130	(291,152)	135,343	426,495
40,680	61,551	20,871	1,020,638	1,042,638	22,000
\$ (8,510)	\$ 41,491	\$ 50,001	\$ 729,486	\$ 1,177,981	\$ 448,495

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Insurance Refund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 159	\$ 159	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>159</u>	<u>159</u>	
Expenditures:			
Current -			
Instruction	25,000		25,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>25,000</u>		<u>25,000</u>
Excess (deficiency) of revenues over expenditures	<u>(24,841)</u>	<u>159</u>	<u>25,000</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(24,841)</u>	<u>159</u>	<u>25,000</u>
Fund balances, beginning of year	14,639	14,640	1
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (10,202)</u>	<u>\$ 14,799</u>	<u>\$ 25,001</u>

Advertisement			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 9	\$ 9	\$	\$ 711,073	\$ 754,586	\$ 43,513
			79,543	1,132,780	1,053,237
			5,522,715	5,238,151	(284,564)
9	9		6,313,331	7,125,517	812,186
			4,383,734	2,991,021	1,392,713
			706,492	636,715	69,777
			1,091,895	549,566	542,329
			49,480	69,008	(19,528)
			140,395	71,169	69,226
			2,944,875	2,899,637	45,238
			457,157	338,995	118,162
			9,774,028	7,556,111	2,217,917
9	9		(3,460,697)	(430,594)	3,030,103
			54,956	312,046	257,090
			(320,878)	(312,046)	8,832
			(265,922)		265,922
9	9		(3,726,619)	(430,594)	3,296,025
868	869	1	1,909,368	5,320,308	3,410,940
				(86,360)	(86,360)
\$ 877	\$ 878	\$ 1	\$ (1,817,251)	\$ 4,803,354	\$ 6,620,605

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DEBT SERVICE FUND

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Other local	\$ 93,503	\$ 5,705	\$ (87,798)
Property taxes	3,051,322	2,926,596	(124,726)
Federal aid, grants and reimbursements		230,777	230,777
Total revenues	<u>3,144,825</u>	<u>3,163,078</u>	<u>18,253</u>
Expenditures:			
Debt service -			
Principal retirement	2,035,000	2,035,000	
Interest and fiscal charges	465,000	692,951	(227,951)
Total expenditures	<u>2,500,000</u>	<u>2,727,951</u>	<u>(227,951)</u>
Excess (deficiency) of revenues over expenditures	<u>644,825</u>	<u>435,127</u>	<u>(209,698)</u>
Other financing sources (uses):			
Transfers in		87,798	87,798
Total other financing sources (uses):		<u>87,798</u>	<u>87,798</u>
Changes in fund balances	<u>644,825</u>	<u>522,925</u>	<u>(121,900)</u>
Fund balances (deficits), beginning of year	2,354,220	(21,095)	(2,375,315)
Fund balances, end of year	<u><u>\$ 2,999,045</u></u>	<u><u>\$ 501,830</u></u>	<u><u>\$ (2,497,215)</u></u>

CAPITAL PROJECTS FUNDS

The following Capital Projects Funds are maintained by the District. Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR) require the establishment of these funds for the specified financial activities.

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

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

Soft Capital Allocation - to account for transactions relating to the acquisition of short-term capital items required to meet academic adequacy standards.

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

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

Building Renewal - to account for monies received from the School Facilities Board 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.

New School Facilities - to account for monies received from the School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	Adjacent Ways	Gifts and Donations - Capital	New School Facilities
<u>ASSETS</u>			
Cash and investments	\$ 2,339,888	\$ 199,131	\$ 18,878
Property taxes receivable	35,795		
Total assets	<u><u>\$ 2,375,683</u></u>	<u><u>\$ 199,131</u></u>	<u><u>\$ 18,878</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Construction contracts payable	\$ 228,250	\$	\$ 17,986
Deferred revenues	35,214		
Total liabilities	<u>263,464</u>		<u>17,986</u>
Fund balances:			
Restricted	2,112,219	199,131	892
Total fund balances	<u>2,112,219</u>	<u>199,131</u>	<u>892</u>
Total liabilities and fund balances	<u><u>\$ 2,375,683</u></u>	<u><u>\$ 199,131</u></u>	<u><u>\$ 18,878</u></u>

Totals	
\$	2,557,897
	35,795
\$	<u>2,593,692</u>

\$	246,236
	35,214
	<u>281,450</u>

	<u>2,312,242</u>
	<u>2,312,242</u>
\$	<u>2,593,692</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011

	Adjacent Ways	Gifts and Donations - Capital	Building Renewal
Revenues:			
Other local	\$ 1,056	\$ 33,000	\$ 19
Property taxes	321,963		
Total revenues	<u>323,019</u>	<u>33,000</u>	<u>19</u>
Expenditures:			
Capital outlay	491,885		3,819
Total expenditures	<u>491,885</u>		<u>3,819</u>
Changes in fund balances	<u>(168,866)</u>	<u>33,000</u>	<u>(3,800)</u>
Fund balances, beginning of year	2,281,085	166,131	3,800
Fund balances, end of year	<u>\$ 2,112,219</u>	<u>\$ 199,131</u>	<u>\$</u>

New School Facilities	Totals
\$ 3,332	\$ 37,407
	321,963
<u>3,332</u>	<u>359,370</u>
474,833	970,537
<u>474,833</u>	<u>970,537</u>
(471,501)	(611,167)
472,393	2,923,409
<u>\$ 892</u>	<u>\$ 2,312,242</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011

	Unrestricted Capital Outlay		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 70,028	\$ 70,092	\$ 64
Property taxes	4,946	11,719	6,773
State aid and grants	277,594	408,647	131,053
Federal aid, grants and reimbursements		24,519	24,519
Total revenues	<u>352,568</u>	<u>514,977</u>	<u>162,409</u>
Expenditures:			
Capital outlay	1,782,649	416,250	1,366,399
Debt service -			
Principal retirement	125,601	125,601	
Interest and fiscal charges	79,009	79,009	
Bond issuance costs			
Total expenditures	<u>1,987,259</u>	<u>620,860</u>	<u>1,366,399</u>
Excess (deficiency) of revenues over expenditures	<u>(1,634,691)</u>	<u>(105,883)</u>	<u>1,528,808</u>
Other financing sources (uses):			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,634,691)</u>	<u>(105,883)</u>	<u>1,528,808</u>
Fund balances, beginning of year	1,957,793	1,960,582	2,789
Fund balances, end of year	<u>\$ 323,102</u>	<u>\$ 1,854,699</u>	<u>\$ 1,531,597</u>

Adjacent Ways			Soft Capital Allocation		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 25,466	\$ 1,056	\$ (24,410)	\$ 24,429	\$ 24,113	\$ (316)
337,272	321,963	(15,309)	434,153	16 670,300	16 236,147
362,738	323,019	(39,719)	458,582	694,429	235,847
2,500,000	491,885	2,008,115	584,844	364,146	220,698
2,500,000	491,885	2,008,115	584,844	364,146	220,698
(2,137,262)	(168,866)	1,968,396	(126,262)	330,283	456,545
(2,137,262)	(168,866)	1,968,396	(126,262)	330,283	456,545
2,240,784	2,281,085	40,301	1,246,373	1,246,373	
\$ 103,522	\$ 2,112,219	\$ 2,008,697	\$ 1,120,111	\$ 1,576,656	\$ 456,545

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LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011

	Bond Building		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$	\$ 90,300	\$ 90,300
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		90,300	90,300
Expenditures:			
Capital outlay	7,353,557	2,694,568	4,658,989
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs	691,839	253,511	438,328
Total expenditures	8,045,396	2,948,079	5,097,317
Excess (deficiency) of revenues over expenditures	(8,045,396)	(2,857,779)	5,187,617
Other financing sources (uses):			
Transfers out	(239,604)	(87,798)	151,806
Issuance of school improvement bonds	7,637,677	7,600,000	(37,677)
Premium on sale of bonds		134,184	134,184
Total other financing sources (uses):	7,398,073	7,646,386	248,313
Changes in fund balances	(647,323)	4,788,607	5,435,930
Fund balances, beginning of year	1,159,469	1,159,470	1
Fund balances, end of year	\$ 512,146	\$ 5,948,077	\$ 5,435,931

Gifts and Donations - Capital			Building Renewal		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 33,000	\$ 33,000	\$	\$	\$ 19	\$ 19
			19		(19)
<u>33,000</u>	<u>33,000</u>		<u>19</u>	<u>19</u>	
100,000		100,000	3,799	3,819	(20)
<u>100,000</u>		<u>100,000</u>	<u>3,799</u>	<u>3,819</u>	<u>(20)</u>
<u>(67,000)</u>	<u>33,000</u>	<u>100,000</u>	<u>(3,780)</u>	<u>(3,800)</u>	<u>(20)</u>
<u>(67,000)</u>	<u>33,000</u>	<u>100,000</u>	<u>(3,780)</u>	<u>(3,800)</u>	<u>(20)</u>
166,130	166,131	1	3,799	3,800	1
<u>\$ 99,130</u>	<u>\$ 199,131</u>	<u>\$ 100,001</u>	<u>\$ 19</u>	<u>\$</u>	<u>\$ (19)</u>

(Continued)

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011

	New School Facilities		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 3,332	\$ 3,332	\$
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>3,332</u>	<u>3,332</u>	
Expenditures:			
Capital outlay	500,000	474,833	25,167
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	<u>500,000</u>	<u>474,833</u>	<u>25,167</u>
Excess (deficiency) of revenues over expenditures	<u>(496,668)</u>	<u>(471,501)</u>	<u>25,167</u>
Other financing sources (uses):			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(496,668)</u>	<u>(471,501)</u>	<u>25,167</u>
Fund balances, beginning of year	472,393	472,393	
Fund balances (deficits), end of year	<u>\$ (24,275)</u>	<u>\$ 892</u>	<u>\$ 25,167</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 156,255	\$ 221,912	\$ 65,657
342,218	333,698	(8,520)
711,766	1,078,947	367,181
	24,519	24,519
<u>1,210,239</u>	<u>1,659,076</u>	<u>448,837</u>
12,824,849	4,445,501	8,379,348
125,601	125,601	
79,009	79,009	
691,839	253,511	438,328
<u>13,721,298</u>	<u>4,903,622</u>	<u>8,817,676</u>
<u>(12,511,059)</u>	<u>(3,244,546)</u>	<u>9,266,513</u>
(239,604)	(87,798)	151,806
7,637,677	7,600,000	(37,677)
	134,184	134,184
<u>7,398,073</u>	<u>7,646,386</u>	<u>248,313</u>
<u>(5,112,986)</u>	<u>4,401,840</u>	<u>9,514,826</u>
7,246,741	7,289,834	43,093
<u>\$ 2,133,755</u>	<u>\$ 11,691,674</u>	<u>\$ 9,557,919</u>

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AGENCY FUNDS

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

Employee Withholding - to account for voluntary deductions temporarily held by the District as an agent.

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 29,028	\$ 98,970	\$ 127,998
Total assets	<u>\$ 29,028</u>	<u>\$ 98,970</u>	<u>\$ 127,998</u>
<u>LIABILITIES</u>			
Deposits held for others	\$	\$ 98,970	\$ 98,970
Due to student groups	29,028		29,028
Total liabilities	<u>\$ 29,028</u>	<u>\$ 98,970</u>	<u>\$ 127,998</u>

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash	\$ <u>27,725</u>	\$ <u>55,567</u>	\$ <u>54,264</u>	\$ <u>29,028</u>
Total assets	\$ <u><u>27,725</u></u>	\$ <u><u>55,567</u></u>	\$ <u><u>54,264</u></u>	\$ <u><u>29,028</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>27,725</u>	\$ <u>55,567</u>	\$ <u>54,264</u>	\$ <u>29,028</u>
Total liabilities	\$ <u><u>27,725</u></u>	\$ <u><u>55,567</u></u>	\$ <u><u>54,264</u></u>	\$ <u><u>29,028</u></u>
<u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash	\$ <u>192,347</u>	\$ <u>8,243,449</u>	<u>8,336,826</u>	\$ <u>98,970</u>
Total assets	\$ <u><u>192,347</u></u>	\$ <u><u>8,243,449</u></u>	\$ <u><u>8,336,826</u></u>	\$ <u><u>98,970</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>192,347</u>	\$ <u>8,243,449</u>	\$ <u>8,336,826</u>	\$ <u>98,970</u>
Total liabilities	\$ <u><u>192,347</u></u>	\$ <u><u>8,243,449</u></u>	\$ <u><u>8,336,826</u></u>	\$ <u><u>98,970</u></u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash	\$ <u>220,072</u>	\$ <u>8,299,016</u>	\$ <u>8,391,090</u>	\$ <u>127,998</u>
Total assets	\$ <u><u>220,072</u></u>	\$ <u><u>8,299,016</u></u>	\$ <u><u>8,391,090</u></u>	\$ <u><u>127,998</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>192,347</u>	\$ <u>8,243,449</u>	\$ <u>8,336,826</u>	\$ <u>98,970</u>
Due to student groups	<u>27,725</u>	<u>55,567</u>	<u>54,264</u>	<u>29,028</u>
Total liabilities	\$ <u><u>220,072</u></u>	\$ <u><u>8,299,016</u></u>	\$ <u><u>8,391,090</u></u>	\$ <u><u>127,998</u></u>

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Due to cost considerations for the accumulation of data, the District has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 55,214,369	\$ 51,517,384	\$ 50,763,428	\$ 52,980,118	\$ 31,355,264
Restricted	8,176,072	6,415,893	5,554,379	4,472,806	4,908,662
Unrestricted	6,165,272	8,049,268	6,508,051	9,901,890	6,942,237
Total net assets	<u>\$ 69,555,713</u>	<u>\$ 65,982,545</u>	<u>\$ 62,825,858</u>	<u>\$ 67,354,814</u>	<u>\$ 43,206,163</u>

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 29,454,412	\$ 23,042,068	\$ 19,826,964
Restricted	4,583,487	2,096,385	1,255,154
Unrestricted	5,174,387	3,967,079	2,110,999
Total net assets	<u>\$ 39,212,286</u>	<u>\$ 29,105,532</u>	<u>\$ 23,193,117</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2004 therefore only eight years are shown.

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Instruction	\$ 19,716,894	\$ 23,204,700	\$ 25,848,457	\$ 20,617,659	\$ 17,522,405
Support services - students and staff	4,284,328	4,351,556	4,910,946	5,167,102	2,649,334
Support services - administration	3,306,402	3,712,449	3,840,626	3,426,984	3,350,033
Operation and maintenance of plant services	3,363,703	3,532,952	3,423,325	2,916,818	2,698,604
Student transportation services	1,413,880	1,055,660	1,565,093	1,454,647	1,297,133
Operation of non-instructional services	3,095,289	2,936,076	2,780,839	2,370,675	1,827,002
Interest on long-term debt	891,287	765,864	960,599	1,237,136	110,784
Total expenses	<u>36,071,783</u>	<u>39,559,257</u>	<u>43,329,885</u>	<u>37,191,021</u>	<u>29,455,295</u>
Program Revenues					
Charges for services:					
Instruction	114,412	237,127	396,264	508,423	262,007
Operation of non-instructional services	409,644	381,389	473,378	388,098	348,301
Other activities	155,462	87,495	56,365	63,367	55,441
Operating grants and contributions	5,423,342	5,929,433	5,824,208	3,491,539	3,430,591
Capital grants and contributions	3,694,346	281,127	114,245	1,442,548	19,300
Total program revenues	<u>9,797,206</u>	<u>6,916,571</u>	<u>6,864,460</u>	<u>5,893,975</u>	<u>4,115,640</u>
Net (Expense)/Revenue	<u>\$ (26,274,577)</u>	<u>\$ (32,642,686)</u>	<u>\$ (36,465,425)</u>	<u>\$ (31,297,046)</u>	<u>\$ (25,339,655)</u>

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses			
Instruction	\$ 14,252,993	\$ 10,089,906	\$ 8,912,940
Support services - students and staff	2,462,815	2,057,007	1,523,809
Support services - administration	2,174,757	1,551,317	1,194,984
Operation and maintenance of plant services	2,117,164	1,555,095	1,233,074
Student transportation services	1,156,611	1,024,241	795,703
Operation of non-instructional services	1,494,223	2,343,078	1,018,034
Interest on long-term debt	808,049	414,155	365,848
Total expenses	<u>24,466,612</u>	<u>19,034,799</u>	<u>15,044,392</u>
Program Revenues			
Charges for services:			
Instruction	243,679	132,508	38,772
Operation of non-instructional services	314,325	287,108	194,882
Other activities	63,565	18,507	18,806
Operating grants and contributions	3,113,333	3,175,342	2,283,929
Capital grants and contributions	311,006	146,201	42,043
Total program revenues	<u>4,045,908</u>	<u>3,759,666</u>	<u>2,578,432</u>
Net (Expense)/Revenue	<u><u>\$ (20,420,704)</u></u>	<u><u>\$ (15,275,133)</u></u>	<u><u>\$ (12,465,960)</u></u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2004 therefore only eight years are shown.

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue	\$ (26,274,577)	\$ (32,642,686)	\$ (36,465,425)	\$ (31,297,046)	\$ (25,339,655)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	7,475,059	9,027,112	6,807,742	6,596,017	4,125,418
Property taxes, levied for debt service	2,967,448	1,598,734	2,461,356	2,311,249	1,570,615
Property taxes, levied for capital outlay	115,017	2,632,358	3,486,758	1,588,834	560,660
Investment income	188,897	244,826	428,438	512,447	558,063
Unrestricted county aid	1,746,005	1,721,324			13,655
Unrestricted state aid	17,151,308	18,144,761	18,752,175	44,437,150	22,505,121
Unrestricted federal aid	204,011	2,430,258			
Total general revenues	<u>29,847,745</u>	<u>35,799,373</u>	<u>31,936,469</u>	<u>55,445,697</u>	<u>29,333,532</u>
Changes in Net Assets	<u>\$ 3,573,168</u>	<u>\$ 3,156,687</u>	<u>\$ (4,528,956)</u>	<u>\$ 24,148,651</u>	<u>\$ 3,993,877</u>

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net (Expense)/Revenue	\$ (20,420,704)	\$ (15,275,133)	\$ (12,465,960)
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	4,006,796	3,274,945	2,821,260
Property taxes, levied for debt service	1,330,255	1,093,211	965,834
Property taxes, levied for capital outlay	1,906,374	543,508	1,480,218
Investment income	189,771	98,030	50,990
Unrestricted county aid	1,124,820	903,843	652,978
Unrestricted state aid	21,969,442	15,274,191	14,227,435
Unrestricted federal aid			
Total general revenues	<u>30,527,458</u>	<u>21,187,728</u>	<u>20,198,715</u>
Changes in Net Assets	<u>\$ 10,106,754</u>	<u>\$ 5,912,595</u>	<u>\$ 7,732,755</u>

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

- Notes:** 1) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2004 therefore only eight years are shown.
- 2) The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 465,501				
Restricted	1,854,699				
Unassigned	5,519,707				
Reserved		\$ 300,438	\$ 117,319	\$ 112,157	\$ 117,000
Unreserved		542,991	(1,997,016)	4,168,597	760,583
Total General Fund	<u>\$ 7,839,907</u>	<u>\$ 843,429</u>	<u>\$ (1,879,697)</u>	<u>\$ 4,280,754</u>	<u>\$ 877,583</u>
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 10,512,185				
Reserved		\$ 86,360	\$ 71,598	\$ 55,985	\$ 54,620
Unreserved, reported in:					
Special revenue funds		5,233,948	4,889,622	4,886,223	4,591,446
Capital projects funds		7,289,834	8,759,033	9,845,938	6,559,819
Debt service fund		(21,095)	975,103	819,245	2,274,383
Total all other governmental funds	<u>\$ 10,512,185</u>	<u>\$ 12,589,047</u>	<u>\$ 14,695,356</u>	<u>\$ 15,607,391</u>	<u>\$ 13,480,268</u>

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:					
Reserved	\$ 308,347	\$ 258,651	\$ 199,621	\$ 173,103	\$ 47,087
Unreserved	1,973,348	1,081,633	931,479	580,419	77,137
Total General Fund	<u>\$ 2,281,695</u>	<u>\$ 1,340,284</u>	<u>\$ 1,131,100</u>	<u>\$ 753,522</u>	<u>\$ 124,224</u>
All Other Governmental Funds:					
Reserved	\$ 54,261	\$ 19,321	\$ 25,159	\$ 35,828	\$ 16,467
Unreserved, reported in:					
Special revenue funds	2,467,802	1,654,593	916,587	556,556	349,523
Capital projects funds	3,912,764	1,373,272	820,023	1,094,007	1,694,544
Debt service fund	585,859	698,317	348,829	89,889	33,932
Total all other governmental funds	<u>\$ 7,020,686</u>	<u>\$ 3,745,503</u>	<u>\$ 2,110,598</u>	<u>\$ 1,776,280</u>	<u>\$ 2,094,466</u>

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

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

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 2,202,140	\$ 5,661,652	\$ 3,175,703	\$ 2,848,688	\$ 1,498,316
State Fiscal Stabilization (ARRA)	204,011				
Education Jobs (ARRA)	386,264				
National School Lunch Program	2,905,043	2,759,932	2,245,104	1,774,565	1,802,511
Total federal sources	<u>5,697,458</u>	<u>8,421,584</u>	<u>5,420,807</u>	<u>4,623,253</u>	<u>3,300,827</u>
State sources:					
State equalization assistance	16,057,077	19,047,479	14,729,736	23,719,901	16,512,131
State grants		73,415	676,634	170,082	162,994
School Facilities Board			1,115,393	17,699,429	4,214,068
Other revenues	1,132,780	1,604,590	1,561,125	2,051,036	1,778,922
Total state sources	<u>17,189,857</u>	<u>20,725,484</u>	<u>18,082,888</u>	<u>43,640,448</u>	<u>22,668,115</u>
Local sources:					
Property taxes	10,723,581	12,883,612	12,456,705	10,333,655	6,261,219
County aid	1,786,926	1,721,324			13,655
Food service sales	320,478	324,629	407,189	359,313	320,798
Investment income	123,836	241,924	415,596	537,148	547,347
Other revenues	435,426	385,581	601,168	589,086	344,951
Total local sources	<u>13,390,247</u>	<u>15,557,070</u>	<u>13,880,658</u>	<u>11,819,202</u>	<u>7,487,970</u>
Total revenues	<u><u>\$ 36,277,562</u></u>	<u><u>\$ 44,704,138</u></u>	<u><u>\$ 37,384,353</u></u>	<u><u>\$ 60,082,903</u></u>	<u><u>\$ 33,456,912</u></u>

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Federal sources:					
Federal grants	\$ 1,619,891	\$ 1,721,383	\$ 1,205,200	\$ 1,253,494	\$ 1,202,786
National School Lunch Program	1,432,647	1,217,761	859,352	699,160	554,248
Total federal sources	<u>3,052,538</u>	<u>2,939,144</u>	<u>2,064,552</u>	<u>1,952,654</u>	<u>1,757,034</u>
State sources:					
State equalization assistance	13,253,437	9,934,630	7,237,561	5,159,706	3,981,370
State grants	159,063	320,126	242,913	155,751	263,493
School Facilities Board	7,366,586	4,561,595	6,486,999	1,100,718	4,410,598
Other revenues	1,349,419	860,837	450,526	382,375	392,153
Total state sources	<u>22,128,505</u>	<u>15,677,188</u>	<u>14,417,999</u>	<u>6,798,550</u>	<u>9,047,614</u>
Local sources:					
Property taxes	7,148,063	4,916,435	5,213,280	2,655,745	2,696,378
County aid	1,124,820	903,843	652,978	460,604	342,998
Food service sales	300,003	259,641	173,387	158,686	122,049
Investment income	184,408	94,787	49,960	53,854	79,205
Other revenues	321,566	178,482	90,715	156,692	85,771
Total local sources	<u>9,078,860</u>	<u>6,353,188</u>	<u>6,180,320</u>	<u>3,485,581</u>	<u>3,326,401</u>
Total revenues	<u><u>\$ 34,259,903</u></u>	<u><u>\$ 24,969,520</u></u>	<u><u>\$ 22,662,871</u></u>	<u><u>\$ 12,236,785</u></u>	<u><u>\$ 14,131,049</u></u>

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

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
Instruction	\$ 17,388,184	\$ 20,828,087	\$ 19,269,450	\$ 17,349,326	\$ 13,464,700
Support services - students and staff	3,963,924	4,176,708	4,638,812	4,853,517	2,549,510
Support services - administration	3,082,871	3,449,785	3,376,043	2,937,889	3,220,302
Operation and maintenance of plant services	2,776,284	3,313,758	3,183,875	2,664,132	2,334,156
Student transportation services	1,106,115	1,050,557	993,723	1,295,199	1,136,725
Operation of non-instructional services	2,966,207	2,833,818	2,690,382	2,078,561	1,728,078
Capital outlay	4,784,496	6,842,115	7,485,608	27,113,244	11,509,372
Debt service -					
Judgements against the district			13,602		
Interest, premium and fiscal charges	771,960	765,864	960,599	1,369,761	113,291
Principal retirement	2,160,601	1,962,548	1,994,471	2,839,831	266,321
Bond issuance costs	253,511			148,622	102,200
Total expenditures	<u><u>\$ 39,254,153</u></u>	<u><u>\$ 45,223,240</u></u>	<u><u>\$ 44,606,565</u></u>	<u><u>\$ 62,650,082</u></u>	<u><u>\$ 36,424,655</u></u>
Expenditures for capitalized assets	\$ 3,203,436	\$ 5,996,816	\$ 3,864,201	\$ 23,683,707	\$ 7,966,833
Debt service as a percentage of noncapital expenditures	9%	7%	7%	11%	2%

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenditures:					
Current -					
Instruction	\$ 11,262,540	\$ 9,189,031	\$ 6,977,761	\$ 4,596,561	\$ 4,464,644
Support services - students and staff	2,340,776	1,957,360	1,449,084	970,310	588,707
Support services - administration	2,135,708	1,511,186	1,157,299	1,142,137	1,036,060
Operation and maintenance of plant services	2,086,229	1,456,313	1,194,355	992,481	865,697
Student transportation services	1,025,472	912,979	705,341	452,255	398,725
Operation of non-instructional services	1,425,990	1,295,729	930,683	766,399	646,587
Capital outlay	8,631,319	6,190,558	8,896,079	2,351,405	4,835,229
Debt service -					
Judgements against the district					
Interest, premium and fiscal charges	1,428,642	761,505	711,226	707,403	699,447
Principal retirement	305,388	130,834	141,191	92,099	35,985
Bond issuance costs					
Total expenditures	<u>\$ 30,642,064</u>	<u>\$ 23,405,495</u>	<u>\$ 22,163,019</u>	<u>\$ 12,071,050</u>	<u>\$ 13,571,081</u>
Expenditures for capitalized assets	\$ 5,968,155	\$ 4,740,692	\$ 7,152,977	\$ 1,810,191	\$ 4,469,183
Debt service as a percentage of noncapital expenditures	7%	5%	6%	8%	8%

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

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ (2,976,591)	\$ (519,102)	\$ (7,222,212)	\$ (2,567,179)	\$ (2,967,743)
Other financing sources (uses):					
General obligation bonds issued	7,600,000			7,830,000	8,000,000
Premium on sale of bonds	134,184			130,518	104,707
Proceeds from sale of capital assets					
Capital lease agreements		938,038	128,951	140,433	109,494
Transfers in	399,844	464,537	598,950	40,839	747,069
Transfers out	(399,844)	(464,537)	(598,950)	(40,839)	(747,069)
Payment to refunded bond escrow agent					
Total other financing sources (uses)	<u>7,734,184</u>	<u>938,038</u>	<u>128,951</u>	<u>8,100,951</u>	<u>8,214,201</u>
Changes in fund balances	<u>\$ 4,757,593</u>	<u>\$ 418,936</u>	<u>\$ (7,093,261)</u>	<u>\$ 5,533,772</u>	<u>\$ 5,246,458</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Excess (deficiency) of revenues over expenditures	\$ 3,617,839	\$ 1,564,025	\$ 499,852	\$ 165,735	\$ 559,968
Other financing sources (uses):					
General obligation bonds issued					
Premium on sale of bonds					
Proceeds from sale of capital assets					
Capital lease agreements	514,119	226,872	196,195		366,281
Transfers in	137,207	226,597	309,532	265,136	55,376
Transfers out	(137,207)	(226,597)	(309,532)	(265,136)	(55,376)
Payment to refunded bond escrow agent					
Total other financing sources (uses)	<u>514,119</u>	<u>226,872</u>	<u>196,195</u>	<u></u>	<u>366,281</u>
Changes in fund balances	<u>\$ 4,131,958</u>	<u>\$ 1,790,897</u>	<u>\$ 696,047</u>	<u>\$ 165,735</u>	<u>\$ 926,249</u>

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Valuation	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value	
	Residential Property	Commercial Property							
2011	\$ 143,498,576	\$ 189,036,019	\$ 48,582,030	\$ 56,548,486	\$ 324,568,139	3.47	\$ 2,686,378,396	12.08	%
2010					389,531,143	3.77	3,249,300,415	11.99	
2009					408,800,218	3.77	3,423,609,778	11.94	
2008					310,785,826	3.94	2,586,217,967	12.02	
2007					207,181,600	3.10	1,658,309,097	12.49	
2006					169,306,418	4.59	1,334,477,243	12.69	
2005					136,872,386	3.84	1,020,494,915	13.41	
2004					93,510,144	5.92	661,382,964	14.14	
2003					73,146,020	3.89	494,437,787	14.79	
2002					60,676,861	4.44	389,756,131	15.57	

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

Note: Total taxable assessed valuation is displayed by major component beginning with fiscal year ended June 30, 2011.

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

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State Equalization	County	Community College District	Flood Control District	Water Conservation District	City of Avondale	City of Tolleson	Tolleson Union High School District No. 214			
Primary	Secondary	Total									
2011	0.36	1.05	0.97	0.15	0.10	1.11	2.44	2.72	1.60	1.87	3.47
2010	0.33	0.99	0.88	0.14	0.10	1.11	2.51	2.10	2.51	1.26	3.77
2009		1.03	0.94	0.14	0.10	1.11	2.30	2.60	2.38	1.39	3.77
2008		1.10	0.98	0.15	0.10	1.11	2.67	2.86	2.33	1.61	3.94
2007		1.18	1.06	0.20	0.12	1.17	2.97	4.26	1.22	1.88	3.10
2006		1.20	1.03	0.21	0.12	1.17	2.43	3.79	2.74	1.85	4.59
2005		1.21	1.04	0.21	0.12	1.17	2.41	4.29	2.12	1.72	3.84
2004		1.28	1.78	0.21	0.12	1.16	2.67	4.27	3.90	2.02	5.92
2003		1.29	1.11	0.21	0.13	1.27	1.99	4.90	2.33	1.56	3.89
2002		1.27	1.11	0.23	0.13	1.28	2.56	4.23	2.88	1.56	4.44

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

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

Taxpayer	2011		2002	
	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation
Smith's Food & Drug Store	\$ 16,986,013	5.23 %		
SVC Manufacturing	12,043,414	3.71		
Phoenix Speedway Corp.	8,385,956	2.58		
AZEJM Holdings/Oxnard Commerceplex LLC	5,249,991	1.62		
Mechanic (AZ) QRS 15-41, Inc.	4,957,827	1.53		
DH Ventures LLC	4,873,154	1.50		
Avondale Commerce Center Phase I LLC	4,090,680	1.26		
Avondale Commerce Center Phase II LLC	4,058,121	1.25		
May-Broward Investment Co.	3,574,532	1.10		
Arizona Public Service Company	3,568,878	1.10	\$ 4,471,885	7.37 %
El Paso Electric Power Company			2,099,419	3.46
Southern California Edison			1,796,035	2.96
Phoenix International Raceway			1,565,463	2.58
Southern Pacific Transportation Company			1,347,026	2.22
Sprint Communications			1,177,131	1.94
Qwest			776,664	1.28
Southern California Public Power Association			679,581	1.12
City of Los Angeles Department of Water and Power			491,483	0.81
Tucson Electric Power Company			351,925	0.58
Bell Atlantic			333,723	0.55
Southwest Gas Company			333,723	0.55
Public Service Company of New Mexico			224,505	0.37
El Paso Natural Gas			212,369	0.35
Total	<u>\$ 67,788,566</u>	<u>20.88 %</u>	<u>\$ 15,860,932</u>	<u>26.14 %</u>

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 11,045,280	\$ 10,498,742	95.05 %	\$	\$ 10,498,742	95.05 %
2010	13,522,874	12,513,492	92.54	704,730	13,218,222	97.75
2009	13,179,902	12,282,024	93.19	797,609	13,079,633	99.24
2008	10,838,782	10,396,831	95.92	440,257	10,837,088	99.98
2007	6,287,207	6,006,237	95.53	262,566	6,268,803	99.71
2006	7,403,486	7,154,323	96.63	248,229	7,402,552	99.99
2005	4,977,631	4,820,824	96.85	156,151	4,976,975	99.99
2004	5,339,672	5,135,413	96.17	203,999	5,339,412	100.00
2003	2,614,776	2,540,015	97.14	74,761	2,614,776	100.00
2002	2,713,009	2,337,807	86.17	375,202	2,713,009	100.00

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

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

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

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

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
2011	\$ 17,050,000	\$ 501,830	\$ 16,548,170	0.62 %	\$ 487	\$ 937,313	\$ 17,987,313	0.67 %	\$ 529	0.13 %	
2010	13,390,000	1,905,000	11,485,000	0.35	383	1,062,914	12,547,914	0.39	418	0.09	
2009	14,500,000	1,110,000	13,390,000	0.39	446	182,424	13,572,424	0.40	452	0.10	
2008	15,070,000	570,000	14,500,000	0.56	483	479,187	14,979,187	0.58	499	0.11	
2007	9,270,000	10,000	9,260,000	0.56	309	588,585	9,848,585	0.59	328	0.08	
2006	1,280,000	10,000	1,270,000	0.10	42	745,412	2,015,412	0.15	67	0.02	
2005	1,320,000	20,000	1,300,000	0.13	43	496,681	1,796,681	0.18	60	0.02	
2004	1,340,000	20,000	1,320,000	0.20	48	380,643	1,700,643	0.26	62	0.02	
2003	1,360,000	20,000	1,340,000	0.27	54	305,639	1,645,639	0.33	66	0.02	
2002	1,380,000	20,000	1,360,000	0.35	60	377,738	1,737,738	0.45	77	0.02	

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

LITTLETON ELEMENTARY SCHOOL DISTRICT NO. 65
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to School District	Estimated Amount Applicable to School District
Community College District	\$ 653,040,000	0.67 %	\$ 4,375,368
City of Avondale	40,180,000	35.03	14,075,054
City of Goodyear	129,940,000	0.01	12,994
City of Phoenix	1,697,478,959	0.30	5,092,437
City of Tolleson	34,600,000	27.67	9,573,820
Tolleson Union High School District No. 214	82,015,000	22.95	18,822,443
Subtotal, Overlapping Debt			<u>51,952,116</u>
Direct:			
Littleton elementary School District No. 65	17,987,313	100.00	<u>17,987,313</u>
Total Direct and Overlapping Debt			<u>\$ 69,939,429</u>

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

Notes: 1) Estimated percentage of debt outstanding applicable to the District is calculated based on the District's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.
2) Outstanding debt as of June 30, 2010 is presented for the overlapping governments as this is the most recent available information.

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

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2011:

Secondary assessed valuation	\$ 324,568,139
Debt limit (5% of assessed value)	16,228,407
Debt applicable to limit	16,548,170
Legal debt margin	<u><u>\$ (319,763)</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2011:

Secondary assessed valuation	\$ 324,568,139
Debt limit (15% of assessed value)	48,685,221
Debt applicable to limit	16,548,170
Legal debt margin	<u><u>\$ 32,137,051</u></u>

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Debt limit	\$ 48,685,221	\$ 58,429,671	\$ 61,320,033	\$ 46,617,874	\$ 31,077,240
Total net debt applicable to limit	<u>16,548,170</u>	<u>11,485,000</u>	<u>13,390,000</u>	<u>14,500,000</u>	<u>9,260,000</u>
Legal debt margin	<u><u>\$ 32,137,051</u></u>	<u><u>\$ 46,944,671</u></u>	<u><u>\$ 47,930,033</u></u>	<u><u>\$ 32,117,874</u></u>	<u><u>\$ 21,817,240</u></u>
Total net debt applicable to the limit as a percentage of debt limit	34%	20%	22%	31%	30%
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limit	\$ 25,395,963	\$ 20,530,858	\$ 14,026,522	\$ 10,971,903	\$ 9,101,529
Total net debt applicable to limit	<u>1,270,000</u>	<u>1,300,000</u>	<u>1,320,000</u>	<u>1,340,000</u>	<u>1,360,000</u>
Legal debt margin	<u><u>\$ 24,125,963</u></u>	<u><u>\$ 19,230,858</u></u>	<u><u>\$ 12,706,522</u></u>	<u><u>\$ 9,631,903</u></u>	<u><u>\$ 7,741,529</u></u>
Total net debt applicable to the limit as a percentage of debt limit	5%	6%	9%	12%	15%

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

Notes: 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.

2) Bond premium is not subject to the statutory debt limit.

3) The District exceeded the Class B bond limit due to the recent drop in assessed values; however, after the last bond issuance in July of 2010 the District's outstanding Class B debt was below the limit.

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2010	3,817,117	\$ 142,091,618	\$ 35,319	8.5 %	34,000
2009	4,023,331	147,122,078	37,168	8.3	30,000
2008	3,987,942	139,665,253	36,135	4.8	30,000
2007	3,907,492	132,423,154	35,046	3.2	30,000
2006	3,792,675	120,716,738	33,178	3.5	30,000
2005	3,895,205	111,103,576	31,757	4.4	30,000
2004	3,742,460	102,277,852	30,160	5.0	30,000
2003	3,598,440	96,988,974	29,020	5.0	27,500
2002	3,296,300	93,544,549	29,117	5.3	25,000
2001	3,192,100	89,775,000	28,329	4.1	22,500

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis.
The source of the "Population" and "Unemployment Rate" information is University of Arizona, Eller College of Management, Economic and Business Research Center.

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

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

Employer	2011		2002	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State of Arizona	49,282	2.9 %	59,348	3.4 %
Wal-Mart Stores Inc.	30,608	1.8	13,800	0.8
Banner Health	28,220	1.7	13,913	0.8
City of Phoenix	15,544	0.9	12,917	0.7
Wells Fargo	13,000	0.8	7,640	0.4
Apollo Group Inc.	13,000	0.8		
Maricopa County	12,458	0.7	13,860	0.8
Arizona State University	12,221	0.7	8,000	0.5
Bank of America	12,000	0.7	5,458	0.3
Intel Corp.	9,700	0.6	9,000	0.5
JPMorgan Chase & Co.	9,700	0.6	9,000	0.5
U.S. Airways	8,905	0.5	8,616	0.5
Mesa Public Schools	8,836	0.5	6,754	0.4
Catholic Healthcare West	7,567	0.4		
American Express Co.	7,388	0.4	9,000	0.5
Freeport McMoRan Copper & Gold Inc.	6,700	0.4		
Scottsdale Healthcare	6,500	0.4		
Honeywell			16,500	0.9
U.S. Postal Service			9,756	0.6
Luke Air Force Base			5,455	0.3
Arizona Public Service			6,300	0.4
Safeway Inc.			8,500	0.5
Fry's Food and Drug Stores			7,500	0.4
Qwest Communications Inc.			7,500	0.4
Tosco Marketing Inc.			5,801	0.3
Total	<u>251,629</u>	<u>14.80 %</u>	<u>244,618</u>	<u>13.90 %</u>
Total employment	<u>1,692,300</u>		<u>1,764,964</u>	

Source: The Business Journal Book of Lists

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

	Full-time Equivalent Employees as of June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Supervisory					
Superintendent	7	7	7		
Assistant principals	10	10	10	16	18
Total supervisory	<u>17</u>	<u>17</u>	<u>17</u>	<u>16</u>	<u>18</u>
Instruction					
Teachers	282	300	311	292	230
Other professionals (instructional)	12	12	14	17	11
Aides	65	66	55	71	68
Total instruction	<u>359</u>	<u>378</u>	<u>380</u>	<u>380</u>	<u>309</u>
Support and Administration					
Managers	7	6	5	9	5
Other classified	92	95	96	99	95
Total support and administration	<u>99</u>	<u>101</u>	<u>101</u>	<u>108</u>	<u>100</u>
Total	<u><u>475</u></u>	<u><u>496</u></u>	<u><u>498</u></u>	<u><u>504</u></u>	<u><u>427</u></u>

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Supervisory					
Superintendent					
Assistant principals	11	10	9	9	9
Total supervisory	<u>11</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>
Instruction					
Teachers	183	138	111	82	65
Other professionals (instructional)	4	5	1		
Aides	35	25	17	15	24
Total instruction	<u>222</u>	<u>168</u>	<u>129</u>	<u>97</u>	<u>89</u>
Support and Administration					
Managers	8	8	5	4	4
Other classified	97	85	71	57	66
Total support and administration	<u>105</u>	<u>93</u>	<u>76</u>	<u>61</u>	<u>70</u>
Total	<u><u>338</u></u>	<u><u>271</u></u>	<u><u>214</u></u>	<u><u>167</u></u>	<u><u>168</u></u>

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

(Concluded)

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

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2011	4,817	\$ 31,283,585	\$ 6,494	(13.62) %	\$ 36,071,783	\$ 7,488	(10.24) %	359	13.4	79.6 %
2010	4,742	35,652,713	7,518	8.07	39,559,257	8,342	(5.49)	378	12.5	80.2
2009	4,909	34,152,285	6,957	3.76	43,329,885	8,827	10.36	380	12.9	75.6
2008	4,650	31,178,624	6,705	13.06	37,191,021	7,998	11.87	380	12.2	78.7
2007	4,120	24,433,471	5,930	10.29	29,455,295	7,149	10.19	309	13.3	73.0
2006	3,771	20,276,715	5,377	4.03	24,466,612	6,488	7.64	222	17.0	74.0
2005	3,158	16,322,598	5,169	(4.08)	19,034,799	6,027	(7.69)	168	18.8	73.5
2004	2,304	12,414,523	5,388	3.78	15,044,392	6,530	N/A	129	17.9	73.0
2003	1,718	8,920,143	5,192	(11.15)	N/A	N/A	N/A	97	17.7	74.6
2002	1,369	8,000,420	5,844	N/A	N/A	N/A	N/A	89	15.4	79.4

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

Notes: 1) Operating expenditures are total expenditures less debt service and capital outlay.

2) N/A indicates that the information is not available due to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 not being adopted until fiscal year 2003.

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

	Fiscal Year Ended June 30									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Schools</u>										
Elementary										
Buildings	25	25	22	18	17	17	16	15	15	15
Square feet	576,739	576,739	521,963	431,455	341,642	341,642	251,651	170,363	170,363	170,363
Capacity	7,261	7,261	6,386	5,263	4,140	4,140	3,015	2,010	2,010	2,010
Enrollment	5,057	4,996	5,196	4,694	3,912	3,580	2,904	1,990	1,621	1,015
Middle										
Buildings				6	6	6	6	6	6	6
Square feet				42,477	42,477	42,477	42,477	42,477	42,477	42,477
Capacity				480	480	480	480	480	480	480
Enrollment				413	482	441	486	465	210	457
<u>Administrative</u>										
Buildings	3	3	2	2	2	2	2	2	2	2
Square feet	44,678	44,678	9,248	9,248	9,248	9,248	9,248	9,248	9,248	9,248
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	25	23	23	24	28	27	20	20	19	19

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

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