
NADABURG UNIFIED SCHOOL DISTRICT NO. 81

WITTMANN, ARIZONA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022



NADABURG UNIFIED SCHOOL DISTRICT NO. 81

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2022

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Governmental-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds - Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Notes to the Basic Financial Statements	18

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability and Contributions	37
Schedule of the Proportionate Share of the Net OPEB Liability (Asset) and Contributions - Health Insurance Premium	38
Schedule of the Proportionate Share of the Net OPEB Liability and Contributions - Long-Term Disability	39
Budgetary Comparison Schedule for the General Fund (Budgetary Basis)	40
Budgetary Comparison Schedule for the Classroom Site Fund	41
Budgetary Comparison Schedule for the Special Projects Fund	42
Notes to Required Supplementary Information	43

STATISTICAL SECTION

Property Tax Levies and Collections - Last Ten Fiscal Years	44
Net Limited Assessed Valuation by Property Classification	45
Net Full Cash Assessed Valuation by Property Classification	46
Assessed Valuation of Major Taxpayers	47

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Governing Board
Nadaburg Unified School District No. 81
Wittmann, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nadaburg Unified School District No. 81 (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nadaburg Unified School District No. 81, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

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



Scottsdale, Arizona
March 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

NADABURG UNIFIED SCHOOL DISTRICT NO. 81

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

As management of the Nadaburg Unified School District No. 81 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,582,685 (net position). The District's total net position increased by \$44,363.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,558,712, an increase of \$76,095 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$152,699, an increase of \$255,883 in comparison with the prior year.
- The District's total bonded debt decreased by \$95,510 during the current fiscal year. This decrease was due to the regularly scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

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

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

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

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

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Fund Financial Statements

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

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

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

The District maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Classroom Site Fund, and Special Projects Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single aggregated presentation.

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

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 18 - 36 of this report.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Required Supplementary Information Other than MD&A

The District reports a multi-year schedule of the District's proportionate share of net pension and OPEB liability and contributions to its cost-sharing pension and OPEB plan starting on page 37.

Governments have the option of reporting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund, Classroom Site Fund, and Special Projects Fund budgetary comparison schedules as RSI other than the MD&A which can be found on pages 40 - 42 of this report. Notes to the RSI are presented after the budgetary comparison schedules on page 43.

Other information

The statistical section includes selected tax and debt information a multi-year basis. The statistical section can be found on pages 44 - 47 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,582,685 at the close of the most recent fiscal year.

A summary of the District's statement of net position is presented below:

	Governmental Activities		
	2022	2021	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	\$ 2,940,677	\$ 3,091,529	\$ (150,852)
Capital assets	17,820,174	17,333,735	486,439
Deferred outflows	2,247,193	1,654,647	592,546
Total Assets and Deferred Outflows	23,008,044	22,079,911	928,133
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	1,187,272	1,529,388	(342,116)
Long-term liabilities	9,897,845	10,922,294	(1,024,449)
Deferred inflows	2,348,702	89,907	2,258,795
Total Liabilities and Deferred Inflows	13,433,819	12,541,589	892,230
NET POSITION			
Net investment in capital assets	14,836,494	15,317,900	(481,406)
Restricted	1,513,752	1,588,728	(74,976)
Unrestricted	(6,776,021)	(7,368,306)	592,285
Total Net Position	\$ 9,574,225	\$ 9,538,322	\$ 35,903

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

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

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

Additional information on the District's net pension/OPEB liabilities can be found in Note 12 of this report.

Overall, net position increased \$44,363. Key elements of this increase are indicated as follows:

	Governmental Activities		
	2022	2021	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 348,827	\$ 160,270	\$ 188,557
Operating grants and contributions	4,427,465	3,425,248	1,002,217
Capital grants and contributions	8,460	179,578	(171,118)
General revenues			
Property taxes	3,662,261	3,264,392	397,869
State equalization and additional state aid	5,279,798	4,572,847	706,951
County equalization	429,391	417,640	11,751
Interest and other	270,337	250,813	19,524
Total Revenues	14,426,539	12,270,788	2,155,751
EXPENSES			
Instruction	7,472,744	7,132,261	340,483
Support Services			
Students and instructional staff	1,254,470	811,797	442,673
General and school administration	925,366	829,529	95,837
Business and other support services	759,507	628,423	131,084
Operation and maintenance of plant	1,494,871	1,418,648	76,223
Operation of noninstructional services	1,366,714	864,685	502,029
Student transportation	1,019,423	874,788	144,635
Interest on long-term debt	97,541	115,447	(17,906)
Total Expenses	14,390,636	12,675,578	1,715,058
Change in net position	35,903	(404,790)	440,693
Net Position - Beginning	9,538,322	9,943,112	(404,790)
Net Position - Ending	\$ 9,574,225	\$ 9,538,322	\$ 35,903

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Program Revenues

The District reported an increase in charges for services of \$188,557 (118%). This increase was mainly due to increases in auxiliary operations, student activities, food sales, and community education revenue related to the easing of COVID-19 restrictions.

Operating Grants and Contributions increased \$1,002,217 or 29%. This increase was primarily due to new federal grant funding related to COVID-19 received during the current year.

The decrease of \$171,118 in capital grants and contributions was related to reduced School Facility Board revenue and projects in the current year.

General Revenues

The District experienced a 12% increase in property tax revenue as a result of an increase in the tax levy and property values. County equalization revenue increased 3% based on the funding formula prescribed by the state of Arizona for funds being collected at the local county level.

State equalization and additional state aid increased \$706,951 (15%) due to increases in the state's budget formula and enrollment.

Interest and other income increased \$19,524 which was not considered significant.

The District incurred a 14% increase in expenses in the current year. The District's mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The increase was mainly due to increases in salaries and related benefits, supplies, fuel, and commodities related to the easing of COVID-19 restrictions and the resumption of pre-COVID-19 level activity. These increases were offset by a decrease in tuition expense.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS (CONTINUED)

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,558,712, an increase of \$76,095 in comparison with the prior year. \$44,960 constitutes as unassigned fund balance which can be used for unrestricted future spending. The remaining fund balance is restricted to indicate that it is not available for new spending.

Fund balances as of June 30, 2022, and the changes in fund balances from the prior year are summarized as follows:

	Balance	Increase (Decrease) From 2020-21
GOVERNMENTAL FUND		
General Fund	\$ 152,699	\$ 255,883
Classroom Site Fund	563,577	12,655
Special Projects Fund	30,488	(18,711)
Nonmajor Governmental Funds	811,948	(173,732)
Total Fund Balance	<u>\$ 1,558,712</u>	<u>\$ 76,095</u>

The General Fund continues to experience a positive net change in fund balance. For the fiscal year ended June 30, 2022, the General Fund had an increase in fund balance of \$255,883. This increase is due to increase in property tax revenue collected in the current year as well as an increase in state equalization.

The increase of \$12,655 in the Classroom Site Fund was due to increases in state funding.

The decrease of \$18,711 in the Special Projects Fund was due to the spending of grant revenues that were received in the prior year.

The Nonmajor Governmental Funds had a decrease of \$173,732. This was primarily due to spending down bond proceeds.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$611,357. In Arizona, school districts build their original "adopted" budget based on a projection of the coming fiscal year's 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The \$611,357 was allocated among various line items, mostly a reduction to regular education – instruction and increases to special education – instruction, operations of maintenance and plant and student transportation services. Budgetary basis General Fund expenditures were \$56,797 less than budget during the fiscal year. Budgetary basis expenditures were within 1% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$17,820,174 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture, equipment, and vehicles. The net increase in the District's investment in capital assets for the current fiscal year was 3%.

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

- Basketball and volleyball courts
- Classroom renovations
- Five new school buses
- Portables installation and design

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

	Governmental Activities		
	2022	2021	Net Change
CAPITAL ASSETS			
Land	\$ 1,582,217	\$ 1,582,217	\$ -
Construction in progress	108,840	-	108,840
Land improvements	1,110,582	1,037,082	73,500
Buildings & improvements	13,722,634	13,885,097	(162,463)
Vehicles, equipment, and furniture	1,295,901	829,339	466,562
Total Capital Assets	\$ 17,820,174	\$ 17,333,735	\$ 486,439

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Long-Term Debt

At end of the current fiscal year, the District had total bonded debt outstanding of \$2,308,661. All of the District's bonded debt is backed by the full faith and credit of the District.

	Governmental Activities		
	2022	2021	Net Change
LONG-TERM LIABILITIES			
Financed purchases	\$ 940,989	\$ 276,318	\$ 664,671
School improvement bonds	2,308,661	2,404,171	(95,510)
Compensated absences	202,325	165,319	37,006
Total Long-term Liabilities	\$ 3,451,975	\$ 2,845,808	\$ 606,167

The District's bonded debt decreased by \$95,510 during the current fiscal year. This decrease was due to the scheduled payments on the general obligation bonds and the related amortization of the bond premium.

The state constitution limits the amount of total outstanding bonded indebtedness of a unified school district to 30% of its net full cash value. The current constitutional debt limitation for the District is \$41,296,823, which is significantly in excess of the District's outstanding bonded debt.

State statutes limit the borrowing capacity on Class B bonded debt to the greater of \$1,500 per student or 20% of the net full cash valuation. Class B bonds are those bonds authorized at elections held after December 31, 1998. The current Class B bonded debt for the District is \$2,308,661. As of June 30, 2022, the District was under its legal debt limit for Class B bonds by \$25,221,888.

Additional information on the District's long-term debt can be found in Note 8 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Increased property tax rates and assessed valuation: The assessed valuation of properties within the District continues to increase as the District is experiencing housing growth.
- Increases in enrollment.
- Increases in K-8 student enrollment were due to families moving into the area. 9-12 student enrollment increased with the addition of a sophomore high school program.
- Changes in tuition revenue: Tuition revenue increased due to increased enrollment in preschool and before and after school care programs.

The above factors were considered in preparing the District's budget for the 2022-23 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Financial Services Department, Nadaburg Unified School District No. 81, 32919 Center Street, Wittmann, Arizona 85361 or via the District's website www.nadaburgsd.org.

BASIC FINANCIAL STATEMENTS

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 238,831
Property taxes receivable	230,225
Due from other governments	2,203,001
Deposits	14,444
Net OPEB asset	254,176
Capital assets, not depreciated	1,691,057
Capital assets, net of accumulated depreciation	16,129,117
Total Assets	20,760,851
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,198,922
Deferred outflows related to OPEB	48,271
Total Deferred Outflows of Resources	2,247,193
LIABILITIES	
Accounts payable	272,740
Accrued wages and benefits	458,745
Due to other governments	22,776
Matured principal payable	93,000
Interest payable	47,015
Line of credit payable	745
Long-term liabilities:	
Due within one year	292,251
Due in more than one year	3,159,724
Net pension liability	6,727,453
Net OPEB liability	10,668
Total Liabilities	11,085,117
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,131,494
Deferred inflows related to OPEB	217,208
Total Deferred Inflows of Resources	2,348,702
NET POSITION	
Net investment in capital assets	14,836,494
Restricted:	
Teacher compensation and other qualified programs (A.R.S 15-977)	563,577
Instructional improvement programs	57,681
Federal instructional programs	29,589
State instructional programs	899
Food service	157,691
Community programs	9,815
Extracurricular activities	53,415
Capital projects	615,775
Student activities	23,159
Debt Service	2,151
Unrestricted	(6,776,021)
Total Net Position	\$ 9,574,225

See accompanying Notes to the Basic Financial Statements

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes
					in Net Position
					Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 7,472,744	\$ -	\$ 2,175,060	\$ -	\$ (5,297,684)
Support services:					
Students	880,554	-	122,807	-	(757,747)
Instructional staff	373,916	-	264,967	-	(108,949)
General administration	473,710	-	73,048	-	(400,662)
School administration	451,656	-	23,655	-	(428,001)
Business and other support services	759,507	-	228,994	-	(530,513)
Operation and maintenance of plant	1,494,871	-	258,668	8,460	(1,227,743)
Student transportation	1,019,423	-	42,605	-	(976,818)
Operation of noninstructional services	1,366,714	348,827	1,237,661	-	219,774
Interest on long-term debt	97,541	-	-	-	(97,541)
Total	\$ 14,390,636	\$ 348,827	\$ 4,427,465	\$ 8,460	(9,605,884)
General revenues:					
Property taxes					3,662,261
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					5,279,798
County equalization					429,391
Investment earnings					189
Other					270,148
Total general revenues					9,641,787
Change in net position					35,903
Net position - beginning					9,538,322
Net position - ending					\$ 9,574,225

See accompanying Notes to the Basic Financial Statements

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Classroom Site Fund	Special Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,680	\$ -	\$ -	\$ 229,151	\$ 238,831
Receivables:					
Property taxes	206,809	-	-	23,416	230,225
Intergovernmental	185,034	-	2,000,030	17,937	2,203,001
Due from other funds	317,826	581,344	-	858,423	1,757,593
Deposits	-	-	-	14,444	14,444
Total Assets	\$ 719,349	\$ 581,344	\$ 2,000,030	\$ 1,143,371	\$ 4,444,094
LIABILITIES					
Accounts payable	\$ 93,230	\$ -	\$ 74,052	\$ 105,458	\$ 272,740
Due to other funds	-	-	1,724,854	32,739	1,757,593
Accrued wages	265,396	17,767	152,046	23,536	458,745
Line of credit payable	745	-	-	-	745
Registered warrants	22,776	-	-	-	22,776
Matured principal payable	-	-	-	93,000	93,000
Interest payable	-	-	-	47,015	47,015
Total Liabilities	382,147	17,767	1,950,952	301,748	2,652,614
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	184,503	-	18,590	29,675	232,768
FUND BALANCES					
Restricted	-	563,577	30,488	919,687	1,513,752
Unassigned	152,699	-	-	(107,739)	44,960
Total Fund Balances	152,699	563,577	30,488	811,948	1,558,712
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 719,349	\$ 581,344	\$ 2,000,030	\$ 1,143,371	\$ 4,444,094

See accompanying Notes to the Basic Financial Statements

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balance - Governmental Funds \$ 1,558,712

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 29,114,112	
Accumulated depreciation	<u>(11,293,938)</u>	17,820,174

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds:		232,768
--	--	---------

Net OPEB asset:

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, they are recognized in the period they are incurred. The net OPEB asset at the end of the period was:

254,176

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

School improvement bonds	(2,266,000)	
Unamortized premium on bonds	(42,661)	
Net pension liability	(6,727,453)	
Net OPEB liability	(10,668)	
Financed purchases	(940,989)	
Compensated absences	<u>(202,325)</u>	(10,190,096)

Deferred outflows and inflows of resources relating to pensions/OPEB:

In governmental funds, deferred outflows and inflows of resources relating to pensions/OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions/OPEB are reported:

Deferred outflows of resources relating to pensions/OPEB:	2,247,193	
Deferred inflows of resources relating to pensions/OPEB:	<u>(2,348,702)</u>	(101,509)

Total Net Position - Governmental Activities		<u>\$ 9,574,225</u>
---	--	---------------------

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Classroom Site Fund	Special Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 3,190,487	\$ -	\$ -	\$ 489,531	\$ 3,680,018
Intergovernmental	5,820,901	651,560	2,634,770	771,906	9,879,137
Charges for Services	-	-	-	316,095	316,095
Food Services Sales	-	-	-	13,012	13,012
Auxiliary Operations	57,062	-	-	130	57,192
Student Activities	-	-	-	20,634	20,634
Contributions and Donations	72,010	-	-	116,529	188,539
Investment Earnings (loss)	(12,339)	5,650	(49)	6,938	200
Other	229,830	-	-	13,825	243,655
Total Revenues	9,357,951	657,210	2,634,721	1,748,600	14,398,482
EXPENDITURES					
Current:					
Instruction	4,712,484	596,149	1,426,976	332,792	7,068,401
Support Services:					
Students	770,671	14,432	95,948	-	881,051
Instructional Staff	115,379	20,000	236,356	1,566	373,301
General Administration	378,803	-	57,244	-	436,047
School Administration	431,688	-	22,900	-	454,588
Business and Other Support Services	657,830	-	96,188	-	754,018
Operations and Maintenance of Plant	1,181,503	-	250,414	8,586	1,440,503
Student Transportation	841,843	-	33,130	21,820	896,793
Operations of Noninstructional Services	94,654	13,974	357,730	905,571	1,371,929
Debt service:					
Principal	-	-	-	154,455	154,455
Interest and other	-	-	-	100,051	100,051
Capital Outlay:					
Facilities Acquisition	735,026	-	-	409,574	1,144,600
Total Expenditures	9,919,881	644,555	2,576,886	1,934,415	15,075,737
Excess (Deficiency) of Revenues Over Expenditures	(561,930)	12,655	57,835	(185,815)	(677,255)
Other Financing Sources (Uses)					
Transfers in	134,663	-	-	70,200	204,863
Financed purchases	726,126	-	-	-	726,126
Transfers out	(70,200)	-	(76,546)	(58,117)	(204,863)
Insurance proceeds	27,224	-	-	-	27,224
Net Financing Sources (Uses)	817,813	-	(76,546)	12,083	753,350
NET CHANGE IN FUND BALANCE	255,883	12,655	(18,711)	(173,732)	76,095
Fund Balance - Beginning	(103,184)	550,922	49,199	985,680	1,482,617
Fund Balance - Ending	\$ 152,699	\$ 563,577	\$ 30,488	\$ 811,948	\$ 1,558,712

See accompanying Notes to the Basic Financial Statements

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Governmental Funds \$ 76,095

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

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated

Expenditures for capital outlay:	\$ 1,193,946	
Depreciation expense:	<u>(778,774)</u>	415,172

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported.

71,267

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

Property taxes	(17,757)
Intergovernmental revenues	18,590

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

Pension contributions	834,613
Pension expense	(804,705)
Other post employment benefits contributions	27,127
Other post employment benefits expense	21,668

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Principal payment on financed purchases	61,455
Proceeds from financed purchases	(726,126)
Principal payment on school improvement bonds	93,000
Amortization of deferred bond items	2,510

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net decrease(increase) in compensated absences	<u>(37,006)</u>
--	-----------------

Change in Net Position of Governmental Activities	\$ 35,903
--	------------------

See accompanying Notes to the Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Nadaburg Unified School District No. 81 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows. For the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This change did not have a material effect on the District's financial statements, but updated nomenclature regarding financed purchase agreements, previously referred to as capital leases.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

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

The District reports the following major governmental funds:

Major Governmental Funds

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

The *Classroom Site Fund* accounts 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.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of monies at 102% of all deposits not covered by federal depository insurance.

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

Property Taxes Receivables

Maricopa County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessments attaches on the first day of January preceding assessment and levy thereof.

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

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Intergovernmental Receivable

Intergovernmental receivables are comprised of federal grants (\$2,031,808), intergovernmental agreements (\$98,422), and state equalization (\$72,771).

Deposits

Deposits in the amount of \$14,444 represents cash deposits with Mohave Educational Services in the food service cooperative.

Capital Assets

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

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

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

Asset Class	Years
Land Improvements	10 - 25 years
Buildings and improvements	7 - 50 years
Vehicles, furniture, and equipment	5 - 20 years

Deferred Outflows of Resources

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

Interfund Receivables and Payables

The District records short-term borrowings as due to and due from other funds. The due to and due from other funds are recorded to eliminate deficit cash balances in individual funds.

Compensated Absences

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

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, the issuance of debt is recorded as another financing source. Premiums and discounts are recorded as other financing sources/uses, respectively in the fund financial statements and are recorded net of the debt in the government-wide financial statements and amortized over the life of the bond.

Deferred Inflows of Resources

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

Pension and Other Postemployment Benefit Plans

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

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.

Net Position

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

Fund Balance

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

The District did not report any nonspendable, committed or assigned fund balances during the current year.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

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

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

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

The District has classified its fund balances as follows:

	General Fund	Classroom Site Fund	Special Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Restricted					
Teacher compensation and other qualified programs (A.R.S. 15-977)	\$ -	\$ 563,577	\$ -	\$ -	\$ 563,577
Instructional improvement programs	-	-	-	57,681	57,681
Federal instructional programs	-	-	29,589	-	29,589
State instructional programs	-	-	899	-	899
Food services	-	-	-	157,691	157,691
Community programs	-	-	-	9,815	9,815
Extracurricular activities	-	-	-	53,415	53,415
Capital projects	-	-	-	615,775	615,775
Student activities	-	-	-	23,159	23,159
Debt service	-	-	-	2,151	2,151
Total restricted	-	563,577	30,488	919,687	1,513,752
Unassigned	152,699	-	-	(107,739)	44,960
Total	\$ 152,699	\$ 563,577	\$ 30,488	\$ 811,948	\$ 1,558,712

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

The following funds exceeded the final revised budget:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Regular education	\$ 6,154,095	\$ 6,189,781	\$ 35,686
K-3 reading program	-	51,408	51,408
Total:	\$ 6,154,095	\$ 6,241,189	\$ 87,094

Budget capacity was available in other subsections to offset these over-expenditures.

Deficit Fund Balance

The District incurred a deficit fund balance in the Building Renewal Grant Fund in the amount of \$2,927. State equalization was received in the subsequent period to offset the deficit in the General Fund. Monies are expected to be received in the subsequent year to offset the Building Renewal Grant Fund deficit.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits and investments on June 30, 2022 consist of the following:

Deposits:	
Cash in bank	\$ 78,332
Investments:	
Cash on deposit with county treasurer	160,499
Total cash and cash equivalents	<u>\$ 238,831</u>

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk – 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. On June 30, 2022, the carrying amount of the District’s deposits was \$78,332 and the bank balance was \$40,574. On June 30, 2022, the entire bank balance was covered by Federal Depository Insurance.

Investments

On June 30, 2022, the District’s investments were reported at fair value. The District’s investments consisted of only cash on deposit with the County Treasurer.

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

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

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

NOTE 4 – RECEIVABLES

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources. Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable:	
General Fund	\$ 184,503
Non-major Governmental Funds	29,675
Unavailable grant receivable:	
Special Projects Fund	18,590
Total	\$ 232,768

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 1,582,217	\$ -	\$ -	\$ 1,582,217
Construction in progress	-	108,840	-	108,840
Total Capital Assets not Being Depreciated	1,582,217	108,840	-	1,691,057
Capital assets being depreciated				
Land improvements	2,316,715	174,963	-	2,491,678
Buildings and improvements	20,301,074	166,218	-	20,467,292
Vehicles, equipment, and furniture	3,873,081	743,925	(152,921)	4,464,085
Total Capital Assets Being Depreciated	26,490,870	1,085,106	(152,921)	27,423,055
Less Accumulated Depreciation				
Land improvements	(1,279,633)	(101,463)	-	(1,381,096)
Buildings and improvements	(6,415,977)	(418,191)	89,510	(6,744,658)
Vehicles, equipment, and furniture	(3,043,742)	(259,120)	134,678	(3,168,184)
Total Accumulated Depreciation	(10,739,352)	(778,774)	224,188	(11,293,938)
Total Capital assets, being depreciated, net	15,751,518	306,332	71,267	16,129,117
Governmental Activities Capital Assets, Net	\$ 17,333,735	\$ 415,172	\$ 71,267	\$ 17,820,174

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 520,691
Support Services:	
Instructional Staff	3,088
General Administration	24,040
School Administration	1,274
Business and Other Support Services	15,699
Operations and Maintenance of Plant	79,827
Student Transportation	123,209
Operation of Noninstructional Services	10,946
	<u>\$ 778,774</u>

There were no construction commitments as of June 30, 2022.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 6 –TRANSFERS

Interfund transfers for the year ended June 30, 2022 consisted of the following:

Transfer to	Transfer from			
	General Fund	Special Projects Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 76,546	\$ 58,117	\$ 134,663
Non-Major Governmental Funds	70,200	-	-	70,200
Total	\$ 70,200	\$ 76,546	\$ 58,117	\$ 204,863

Transfers were made out of the Special Projects Fund and Non-Major Governmental Funds and into the General Fund were to record indirect costs transferred to the indirect cost pool for various federal grants. The transfer out of the General Fund and into the Non-Major Governmental Funds was to record a transfer to make payments on the Energy Water Savings Fund financed purchases.

NOTE 7 –INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2022, interfund receivables and payables were as follows:

Due to other funds	Due from other funds			
	General Fund	Classroom Site Fund	Non-Major Governmental Funds	Total
Special Projects Fund	\$ 317,826	\$ 581,344	\$ 825,684	\$ 1,724,854
Non-Major Governmental Funds	-	-	32,739	32,739
Total	\$ 317,826	\$ 581,344	\$ 858,423	\$ 1,757,593

The above interfund receivables and payables are due to cash shortfalls on June 30, 2022. State equalization was received subsequent to June 30, 2022 to repay the short-term borrowing.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 8 – LONG-TERM OBLIGATIONS

The District issued long-term bonds payable issued to provide funds for the acquisition and construction of major capital facilities. Capital leases were related to an energy and water saving program the District entered for energy conservation. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Changes in long-term obligations for the year ended June 30, 2022 are as follows:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
School improvement bonds	\$ 2,359,000	\$ -	\$ (93,000)	\$ 2,266,000	\$ 97,000
Unamortized premium	45,171	-	(2,510)	42,661	-
Financed purchases	276,318	726,126	(61,455)	940,989	165,700
Compensated absences	165,319	99,166	(62,160)	202,325	29,551
Total	<u>\$ 2,845,808</u>	<u>\$ 825,292</u>	<u>\$ (219,125)</u>	<u>\$ 3,451,975</u>	<u>\$ 292,251</u>

Bonds Payable

In the prior year, the District issued \$2,436,000 in School Improvement Bonds, Series 2020 (Private Placement). The bonds will be used for a school remodel, playground equipment, technology, and exterior upgrades. The bonds will mature on July 1, 2039, and have a 3.86% interest rate. School improvement bonds currently outstanding are as follows:

Purpose	Interest Rate	Maturity	Original Issue	Balance
Governmental Activities:				
School Improvements Bonds, Series 2020	3.86%	7/1/23-39	\$ 2,436,000	\$ 2,266,000

Debt service requirements on the bonds payable on June 30, 2022 are as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 97,000	\$ 87,468
2024	101,000	83,723
2025	104,000	79,825
2026	108,000	75,810
2027	113,000	71,642
2028-2032	632,000	289,423
2033-2037	763,000	157,720
2038-2040	348,000	20,265
Total	<u>\$ 2,266,000</u>	<u>\$ 865,875</u>

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Financed Purchases

The District has acquired energy upgrades and school buses under the provisions of financed purchases. Revenues from the General Fund are transferred to the Energy and Water Savings Fund to make the payments when due. Amortization of assets recorded under financed purchases are included with depreciation expense.

The assets capitalized and acquired through financed purchases are as follows:

	Governmental Activities
Asset:	
Building improvements	\$ 586,706
Vehicles	726,126
Less: accumulated depreciation	(361,598)
Total	<u>\$ 951,234</u>

Debt service requirements on the financed purchases on June 30, 2022 are as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 165,700	\$ 21,845
2024	160,888	26,657
2025	166,573	20,971
2026	119,396	15,537
2027	105,655	11,741
2028-2029	222,777	12,016
Total	<u>\$ 940,989</u>	<u>\$ 108,767</u>

NOTE 9 – SHORT TERM DEBT

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. General Fund revenues are used to repay the line of credit. At year end, the District had a line of credit balance as listed below.

	Balance July 01, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities:				
Revolving line of credit	\$ -	\$ 1,707,000	\$ (1,706,255)	\$ 745

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT 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 to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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

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

NOTE 11 – CONTINGENT LIABILITIES

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

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

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 12 – PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB) PLANS

Cost Sharing Pension Plan

On June 30, 2022, the District reported the following related to pensions and OPEB to which it contributes:

	Net Pension Liability (Asset)	Net OPEB Liability (Asset)
Net assets	\$ -	\$ (254,176)
Net liability	6,727,453	10,668
Deferred outflows of resources	2,198,922	48,271
Deferred inflows of resources	2,131,494	217,208
Expense	804,705	(21,668)
Contributions	834,613	27,127

Arizona State Retirement System

Plan Description

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

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

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

*With actuarially reduced benefits.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 12 – PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB) PLANS (CONTINUED)

Arizona State Retirement System (Continued)

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

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

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

Contributions

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41% (12.22% for retirement and 0.19% for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.41% (12.01% for retirement, 0.21% for health insurance premium benefit, and 0.19% for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.22% (10.13% for retirement and 0.09% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill.

The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were \$834,613, \$14,232, and \$12,895, respectively.

During fiscal year 2022, the District paid for pension and OPEB contributions as follows: 67% from the General Fund, 7% from the Classroom Site Fund, 20% from the Special Projects Fund, and 6% from nonmajor governments funds.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 12 – PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB) PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Liability

On June 30, 2022, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability:

	Net (Asset) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 6,727,453	0.05120%	0.00372%
Health insurance premium benefit	(254,176)	0.05217%	0.00428%
Long-term disability	10,668	0.05168%	0.00400%

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5% to 7.0% and changing the projected salary increases from 2.7–7.2% to 2.9–8.4%. The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021, and the change from its proportions measured as of June 30, 2020, were as noted above.

Expense

For the year ended June 30, 2022, the District recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 804,705
Health insurance premium benefit	(29,612)
Long-term disability	7,944

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 10 – PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB) PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources

On June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 102,554	\$ -	\$ 3,082
Changes of assumptions or other inputs	875,632	12,601	3,412
Changes in proportion and differences between contributions and proportionate share of contributions	386,123	-	2,049
Contributions subsequent to the measurement date	834,613	14,232	12,895
Total	\$ 2,198,922	\$ 26,833	\$ 21,438

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 88,149	\$ 869
Changes of assumptions or other inputs	-	10,276	13,442
Net difference between projected and actual earnings on pension plan investments	2,131,494	94,287	7,388
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,719	1,078
Total	\$ 2,131,494	\$ 194,431	\$ 22,777

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in expenses as follows:

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2023	\$ 234,401	\$ (42,669)	\$ (2,025)
2024	202,828	(40,893)	(1,898)
2025	(469,885)	(44,760)	(2,165)
2026	(734,529)	(49,408)	(3,283)
2027	-	(4,100)	(1,046)
Thereafter	-	-	(3,817)
Total	\$ (767,185)	\$ (181,830)	\$ (14,234)

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 12 – PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB) PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Actuarial Assumptions

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

		Health Insurance Premium	
	Pensions	Benefit	Long-Term Disability
Actuarial valuation date	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial roll forward date	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	2.9-8.4%	Not applicable	Not applicable
Inflation rate	2.3%	2.3%	2.3%
Permanent base increases	Included	Not applicable	Not applicable
Mortality rates	2017 SRA Scale U-MP	2017 SRA Scale U-MP	Not applicable
Recovery rates	Not applicable	Not applicable	2012 GLDT

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

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

Asset Class	Target Allocation	Long-Term Expected
		Geometric Real Rate of Return
Equity	50%	4.90%
Fixed income - credit	20%	5.20%
Fixed income - interest rate sensitive	10%	0.70%
Real Estate	20%	5.70%
Total	100%	

Discount Rate

On June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 12 – PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB) PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	Proportionate share of the net liability (asset)		
	Current		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Pension	\$ 10,581,720	\$ 6,727,453	\$ 3,514,061
Health insurance premium benefit	(168,291)	(254,176)	(327,207)
Long-term disability	13,891	10,668	7,549

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

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

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND CONTRIBUTIONS
COST SHARING PENSION PLAN
JUNE 30, 2022

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.05120%	0.04748%	0.04728%	0.04772%	0.05250%	0.04799%	0.05087%	0.04513%
Proportionate share of the net pension liability	\$ 6,727,453	\$ 8,226,632	\$ 6,879,790	\$ 6,655,261	\$ 8,178,447	\$ 7,746,068	\$ 7,924,235	\$ 6,677,835
Covered payroll	\$ 5,773,733	\$ 5,773,733	\$ 5,032,129	\$ 4,755,367	\$ 5,141,865	\$ 4,310,811	\$ 4,676,483	\$ 4,050,112
Proportionate share of the net pension liability as a percentage of its covered payroll	116.52%	142.48%	136.72%	139.95%	159.06%	179.69%	169.45%	164.88%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 834,613	\$ 670,496	\$ 593,022	\$ 562,592	\$ 518,335	\$ 554,293	\$ 467,723	\$ 509,269
Contributions in relation to the actuarially determined contribution	834,613	670,496	593,022	562,592	518,335	554,293	467,723	509,269
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,109,503	\$ 5,773,733	\$ 5,179,231	\$ 5,032,129	\$ 4,755,367	\$ 5,141,865	\$ 4,310,811	\$ 4,676,483
Contributions as a percentage of covered payroll	11.74%	11.61%	11.45%	11.18%	10.90%	10.78%	10.85%	10.89%

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
NET OPEB LIABILITY (ASSET) AND CONTRIBUTIONS
HEALTH INSURANCE PREMIUM
JUNE 30, 2022

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Proportion of the net OPEB (asset) liability	0.04789%	0.04789%	0.04719%	0.04705%	0.05184%
Proportionate share of the net OPEB (asset) liability	\$ (254,176)	\$ (33,906)	\$ (13,041)	\$ (16,942)	\$ (28,222)
Covered payroll	\$ 5,773,733	\$ 5,179,231	\$ 5,032,129	\$ 4,755,367	\$ 5,141,865
Proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-4.40%	-0.65%	-0.26%	-0.36%	-0.55%
Plan fiduciary net position as a percentage of the total OPEB liability	130.24%	104.33%	101.62%	102.20%	103.57%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year				
	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 14,232	\$ 22,446	\$ 25,378	\$ 23,148	\$ 20,924
Contributions in relation to the actuarially determined contribution	14,232	22,446	25,378	23,148	20,924
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,109,503	\$ 5,773,733	\$ 5,179,232	\$ 5,032,129	\$ 4,755,367
Contributions as a percentage of covered payroll	0.20%	0.39%	0.49%	0.46%	0.44%

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
NET OPEB LIABILITY AND CONTRIBUTIONS
LONG-TERM DISABILITY
JUNE 30, 2022

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Proportion of the net OPEB liability	0.05168%	0.04768%	0.04726%	0.04780%	0.05209%
Proportionate share of the net OPEB liability	\$ 10,668	\$ 36,171	\$ 30,787	\$ 24,976	\$ 18,881
Covered payroll	\$ 5,773,733	\$ 5,179,231	\$ 5,032,129	\$ 4,755,367	\$ 5,141,865
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.18%	0.70%	0.61%	0.53%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	90.38%	68.01%	72.85%	77.83%	84.44%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year				
	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 12,895	\$ 10,293	\$ 8,670	\$ 8,051	\$ 7,609
Contributions in relation to the actuarially determined contribution	12,895	10,293	8,670	8,051	7,609
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,109,503	\$ 5,773,733	\$ 5,179,232	\$ 5,032,129	\$ 4,755,367
Contributions as a percentage of covered payroll	0.18%	0.18%	0.17%	0.16%	0.16%

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variances - Final to Actual
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 2,827,179	\$ (2,827,179)
Intergovernmental	-	-	4,843,373	(4,843,373)
Investment earnings (loss)	-	-	(9,089)	9,089
Other	-	-	3,614	(3,614)
Total Revenues	-	-	7,665,077	(7,665,077)
EXPENDITURES				
Regular education:				
Instruction	3,758,035	3,427,266	3,440,481	(13,215)
Support services - students	163,200	235,826	239,666	(3,840)
Support services - instructional staff	121,950	102,013	104,855	(2,842)
Support services - general administration	215,700	282,710	279,726	2,984
Support services - school administration	387,900	422,852	431,587	(8,735)
Support services - business and other	419,400	422,027	429,412	(7,385)
Operations and maintenance of plant	847,400	1,229,350	1,154,043	75,307
Operation of noninstructional services	9,000	6,793	91,529	(84,736)
School sponsored athletics	-	20,941	18,482	2,459
Other programs	-	4,317	-	4,317
Total regular education:	5,922,585	6,154,095	6,189,781	(35,686)
Special education:				
Instruction	668,000	793,358	752,671	40,687
Support services - students	385,300	475,250	461,722	13,528
Support services - instructional staff	-	-	430	(430)
Total special education:	1,053,300	1,268,608	1,214,823	53,785
Pupil transportation:				
Student transportation services	656,700	867,694	777,588	90,106
K-3 reading program:				
Instruction	46,455	-	51,408	(51,408)
Total Expenditures	7,679,040	8,290,397	8,233,600	56,797
Excess (Deficiency) of Revenues Over Expenditures	(7,679,040)	(8,290,397)	(568,523)	(7,608,280)
Other Financing Sources (Uses):				
Transfers out	-	-	(70,200)	(70,200)
NET CHANGE IN FUND BALANCE	(7,679,040)	(8,290,397)	(638,723)	7,651,674
Fund Balance - Beginning	-	-	284,298	284,298
Fund Balance - Ending	\$ (7,679,040)	\$ (8,290,397)	\$ (354,425)	\$ 7,935,972

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
BUDGETARY COMPARISON SCHEDULE
CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 651,560	\$ (651,560)
Investment earnings	-	-	5,650	(5,650)
Total Revenues	-	-	657,210	(657,210)
EXPENDITURES				
Regular education:				
Instruction	1,208,264	1,154,478	553,193	601,285
Support services - students	31,522	30,119	14,432	15,687
Support services - instructional staff	43,683	41,739	20,000	21,739
Operation of noninstructional services	30,521	29,163	13,974	(15,189)
Total regular education:	1,313,990	1,255,499	601,599	623,522
Special education:				
Instruction	93,823	89,646	42,956	46,690
Total Expenditures	1,407,813	1,345,145	644,555	670,212
Excess (Deficiency) of Revenues				
Over Expenditures	(1,407,813)	(1,345,145)	12,655	13,002
Fund Balance - Beginning	-	-	550,922	550,922
Fund Balance - Ending	\$ (1,407,813)	\$ (1,345,145)	\$ 563,577	\$ 1,908,722

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,634,770	\$ (2,634,770)
Investment earnings (loss)	-	-	(49)	(49)
Total Revenues	-	-	2,634,721	(2,634,819)
EXPENDITURES				
Regular education:				
Instruction	1,087,421	1,387,759	1,060,120	327,639
Support services - students	69,458	88,642	67,714	20,928
Support services - instructional staff	239,766	305,987	233,746	72,241
Support services - general administration	57,180	72,972	55,744	17,228
Support services - school administration	23,490	29,977	22,900	7,077
Support services - business and other	98,665	125,916	96,188	29,728
Operations and maintenance of plant	256,863	327,807	250,414	77,393
Operation of noninstructional services	17,365	22,161	16,929	5,232
School sponsored athletics	5,314	6,782	5,181	1,601
Total regular education:	1,855,520	2,368,003	1,808,936	559,067
Special education:				
Instruction	370,989	473,454	361,675	111,779
Support services - students	28,961	36,960	28,234	8,726
Support services - instructional staff	2,677	3,417	2,610	807
Support services - general administration	1,539	1,964	1,500	464
Total special education:	404,166	515,794	394,019	121,775
Community services:				
Operation of noninstructional services	349,577	446,128	340,801	105,327
Pupil transportation:				
Student transportation services	33,983	43,369	33,130	10,239
Total Expenditures	2,643,247	3,373,294	2,576,886	796,408
Excess (Deficiency) of Revenues				
Over Expenditures	(2,643,247)	(3,373,294)	57,835	(1,838,411)
Other Financing Sources (Uses):				
Transfers out	-	-	(76,546)	(76,546)
NET CHANGE IN FUND BALANCE	(2,643,247)	(3,373,294)	(18,711)	3,354,583
Fund Balance - Beginning	-	-	49,199	49,199
Fund Balance - Ending	\$ (2,643,247)	\$ (3,373,294)	\$ 30,488	\$ 3,403,782

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 43
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

NOTE 1 – AVAILABILITY OF PRIOR YEAR PENSION INFORMATION

Information prior to the measurement dates of June 30, 2014, and June 30, 2017 for the pension and OPEB respectively, were not available. GASB Statements No. 68 and No. 75 require the District to present 10 years of pension and OPEB information as required supplementary information. However, until a full 10 years of trend data is compiled, the District will present information for only those years for which information is available.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	General Fund				
			Other	Fund balance	
	Total	Total	Financing	beginning of	Fund balance
	Revenues	Expenditures	Sources and	year	end of year
			Uses		
Statement of revenues, expenditures and changes in fund balance	\$ 9,357,951	\$ 9,919,881	\$ 817,813	\$ (103,184)	\$ 152,699
Non-maintenance and operation activity included in the General Fund	(1,692,874)	(1,686,281)	(888,013)	387,482	(507,124)
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	\$ 7,665,077	\$ 8,233,600	\$ (70,200)	\$ 284,298	\$ (354,425)

STATISTICAL SECTION
(UNAUDITED)

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Real Property Tax Levy	Collected to June 30th End of Tax Fiscal Year		Collected to June 30	
		Amount	% of Levy	Amount	% of Levy
2022	\$ 4,588,201	\$ 4,527,097	98.67%	\$ 4,527,097	98.67%
2021	3,961,069	3,896,454	98.37%	3,902,572	98.52%
2020	3,353,648	3,087,218	92.06%	3,331,592	99.34%
2019	3,213,805	3,193,365	99.36%	3,193,365	99.36%
2018	3,333,766	3,324,414	99.72%	3,324,414	99.72%
2017	2,374,137	2,364,182	99.58%	2,364,182	99.58%
2016	2,564,373	2,545,003	99.24%	2,545,003	99.24%
2015	2,487,280	2,474,601	99.49%	2,474,601	99.49%
2014	2,872,377	2,864,795	99.74%	2,864,795	99.74%
2013	2,740,456	2,728,963	99.58%	2,728,963	99.58%

Source: Real Property Tax Levies and Collections were obtained from the Maricopa County Treasurer's Office.

Assessment and Collections: Under Arizona Law, the County Board of Supervisors is required to levy a tax in an amount sufficient to satisfy debt service requirements for each school district in the county. Real property taxes are levied and collected on property within a school district and certified by the County Treasurer on behalf of the school district.

Taxes Due: Real property taxes are payable in two installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. Delinquent taxes are subject to a penalty of 16% per annum, Prorated at a monthly rate of 1.33%. Penalties for delinquent taxes are not included in the above collection figures.

Unsecured personal property taxes are not included in this schedule.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NET LIMITED ASSESSED VALUATION BY PROPERTY CLASSIFICATION
JUNE 30, 2022
(UNAUDITED)

Description	2021-22 Limited Assessed Value	As Percentage of District's Net Limited Value
Commercial, Industrial, Utilities and Mines	\$ 14,702,158	10.68%
Agricultural and Vacant	20,045,569	14.56%
Residential (Owner Occupied)	44,065,606	32.01%
Residential (Rental Occupied)	13,471,739	9.79%
Railroad	1,804,616	1.31%
	<u>\$ 94,089,688</u>	

Source: State of Arizona Department of Revenue, State and County Abstract of the Assessment Roll.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NET FULL CASH ASSESSED VALUATION BY PROPERTY CLASSIFICATION
JUNE 30, 2022
(UNAUDITED)

Description	2021-22 Net Full Cash Value	As Percentage of District's Net Full Cash Value
Commercial, Industrial, Utilities and Mines	\$ 15,940,429	11.58%
Agricultural and Vacant	36,276,873	26.35%
Residential (Owner Occupied)	63,485,013	46.12%
Residential (Rental Occupied)	19,643,207	14.27%
Railroad	2,307,221	1.68%
	<u>\$ 137,652,743</u>	

Source: State of Arizona Department of Revenue, State and County Abstract of the Assessment Roll.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
ASSESSED VALUATION OF MAJOR TAXPAYERS
JUNE 30, 2022
(UNAUDITED)

Taxpayer	2021-22 Limited Property Value Assessed	Percentage of District's Net Secondary Assessed Valuation
SFI Grand Vista LLC	\$ 10,260,986	10.91%
Arizona Public Service Company	7,415,173	7.88%
MCI Communications Services Inc.	2,094,215	2.23%
BNSF Railway Company	1,804,616	1.92%
Southwest Gas Corporation (T&D)	885,618	0.94%
Luis Elena Golf/Management LLC	398,579	0.42%
Carioca Company	300,538	0.32%
Infinity Capital Golf Resources LLC	297,684	0.32%
Apple Inc.	290,740	0.31%
KB Home Phoenix Inc.	207,923	0.22%
Totals:	<u>\$ 23,956,072</u>	<u>25.47%</u>

Source: Assessed valuation amounts were obtained from Maricopa County Assessor's Office. The amounts are approximate and NUSD may be slightly higher or lower.