
NADABURG UNIFIED SCHOOL DISTRICT NO. 81
WITTMANN, ARIZONA

**FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION**

FISCAL YEAR ENDED JUNE 30,2021



NADABURG UNIFIED SCHOOL DISTRICT NO. 81

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YEAR ENDED JUNE 30, 2021

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nadaburg Unified School District No. 81 (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nadaburg Unified School District No. 81 as of June 30, 2021, 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.

Emphasis of a Matter

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021, which represents a change in accounting principle. The Nonmajor Governmental Funds fund balance, as well as Governmental Activities net position, were restated due to this implementation. Additionally, fund balances were restated in the Classroom Site and Special Projects Fund (See Note 13). Our auditors' opinion was not modified with respect to these restatements.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scottsdale, Arizona

March 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

NADABURG UNIFIED SCHOOL DISTRICT NO. 81

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021.

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 \$9,538,322 (net position). The District's total net position decreased by \$404,790.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,482,617, a decrease of \$1,013,746 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$(103,184), an increase of \$271,967 in comparison with the prior year.
- The District's total bonded debt decreased by \$77,000 during the current fiscal year. This decrease was due to the regularly scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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, 2021

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, Special Projects Fund, and Bond Building Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation.

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

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

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

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 - 37 of this report.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

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 38.

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 41 - 43 of this report. Notes to the RSI are presented after the budgetary comparison schedules on page 44.

Other information

The statistical section includes selected tax and debt information a multi-year basis. The statistical section can be found on pages 45 - 48 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 \$9,538,322 at the close of the most recent fiscal year.

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

	Governmental Activities		
	(Restated)		
	2021	2020	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	\$ 3,091,529	\$ 4,371,353	\$ (1,279,824)
Capital assets	17,333,735	16,971,605	362,130
Deferred outflows	1,654,647	860,091	794,556
Total Assets and Deferred Outflows	22,079,911	22,203,049	(123,138)
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	1,529,388	1,795,055	(265,667)
Long-term liabilities	10,922,294	9,705,825	1,216,469
Deferred inflows	89,907	759,057	(669,150)
Total Liabilities and Deferred Inflows	12,541,589	12,259,937	281,652
NET POSITION			
Net investment in capital assets	15,317,900	16,096,567	(778,667)
Restricted	1,588,728	2,978,903	(1,390,175)
Unrestricted	(7,368,306)	(9,132,358)	1,764,052
Total Net Position	\$ 9,538,322	\$ 9,943,112	\$ (404,790)

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

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 liability can be found in Note 12 of this report.

Overall, net position decreased \$404,790 or 4%. Key elements of this increase are indicated as follows:

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 160,270	\$ 231,754	\$ (71,484)
Operating grants and contributions	3,579,826	2,043,649	1,536,177
Capital grants and contributions	25,000	-	25,000
General revenues			
Property taxes	3,264,392	2,773,845	490,547
State equalization and additional state aid	4,572,847	6,049,733	(1,476,886)
County equalization	417,640	514,948	(97,308)
Interest and other	250,813	67,515	183,298
Total Revenues	12,270,788	11,681,444	589,344
EXPENSES			
Instruction	7,073,254	7,063,378	9,876
Support Services			
Students and instructional staff	811,797	897,766	(85,969)
General and school administration	829,529	670,352	159,177
Business and other support services	628,423	595,533	32,890
Operation and maintenance of plant	1,418,648	1,065,697	352,951
Other support services	59,007	-	59,007
Operation of noninstructional services	864,685	932,666	(67,981)
Student transportation	874,788	697,775	177,013
Interest on long-term debt	115,447	33,152	82,295
Total Expenses	12,675,578	11,956,319	719,259
Change in net position	(404,790)	(274,875)	(129,915)
Net Position - Beginning, as Restated	9,943,112	10,217,987	(274,875)
Net Position - Ending	\$ 9,538,322	\$ 9,943,112	\$ (404,790)

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The District reported a decrease in charges for services of \$71,484 (31%). This decrease was mainly due to a decrease in tuition revenue received. The District also experienced a decrease in food services sales revenue due to the shutdown of school facilities due to the COVID-19 pandemic.

Operating Grants and Contributions and Capital Grants and Contributions increased \$1,536,177 or 75%. This increase was primarily due new federal grant funding related to COVID-19 received during the current year.

The District experienced an 18% increase in property tax revenue as a result of an increase in the tax levy and property values. County equalization revenue decreased 19% 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 decreased \$1,476,886 (24%) due to decreases in the state's budget formula and a decrease in enrollment.

Interest and other income increased \$183,298 largely due to increased interest on investments from increases in the District's cash balances and an increase in intergovernmental agreement revenue.

The District incurred a 6% 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, textbooks, and supplies.

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, 2021

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 \$1,482,617, a decrease of \$1,013,746 in comparison with the prior year. \$(106,111) constitutes a deficit unassigned fund balance. This deficit will be eliminated in the subsequent year when state equalization and property taxes are collected. The remaining fund balance is restricted to indicate that it is not available for new spending.

Fund balances as of June 30, 2021, and the changes in fund balances from the prior year are summarized as follows:

			Increase (Decrease)
	Balance		From 2019-20
GOVERNMENTAL FUND			
General Fund	\$ (103,184)	\$	271,967
Classroom Site Fund	550,922		(59,629)
Special Projects Fund	49,199		(34,185)
Bond Building Fund	664,654		(1,279,700)
Nonmajor Governmental Funds	321,026		87,801

The General Fund continues to experience a positive net change in fund balance. For the fiscal year ended June 30, 2021 the General Fund had an increase in fund balance of \$271,967. This increase is due to increase in property tax revenue collected in the current year.

The decrease of \$59,629 in the Classroom Site Fund was due to increases in performance pay for teachers.

The decrease of \$34,185 in the Special Projects Fund was due to the spending of grant revenues that were received in the prior year.

The decrease of \$1,279,700 in the Bond Building Fund was due to the spending of the School Improvement Bonds, Series 2020 that were issued in the prior year.

The Nonmajor Governmental Funds had an increase of \$87,801. This was primarily due to the receipt of grant revenues for prior year expenditures.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$410,730. 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 \$410,730 was allocated among various line items, mostly regular education – instruction, special education – instruction, and support services – business and other. Budgetary basis General Fund expenditures were \$122,400 less than budget during the fiscal year. Budgetary basis expenditures were within 2% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$17,333,735 (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 2%.

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

- High school building
- Cantilevered structures
- Transit van
- Cleaning equipment

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

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 1,582,217	\$ 1,582,217	\$ -
Construction in progress	-	134,705	(134,705)
Land improvements	1,037,082	1,096,532	(59,450)
Buildings & improvements	13,885,097	13,187,604	697,493
Vehicles, equipment, and furniture	829,339	970,547	(141,208)
Total Capital Assets	\$ 17,333,735	\$ 16,971,605	\$ 362,130

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Long-Term Debt

At end of the current fiscal year, the District had total bonded debt outstanding of \$2,404,171. All of the District's bonded debt is backed by the full faith and credit of the District.

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Capital leases	\$ 276,318	\$ 335,711	\$ (59,393)
General obligation bonds	2,404,171	2,483,681	(79,510)
Compensated absences	165,319	145,524	19,795
Total Long-term Liabilities	\$ 2,845,808	\$ 2,964,916	\$ (119,108)

The District's bonded debt decreased by \$79,510 during the current fiscal year. This decrease was due to the scheduled payments on the general obligation bonds.

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 \$33,012,373, 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 \$2,404,171. As of June 30, 2021, the District was under its legal debt limit for Class B bonds by \$19,604,077.

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

- The effects of the COVID Virus and Virtual Funding: The District was able to remain open for the full school year.
- 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.
- Decreases in enrollment: Decreases in K-8 student enrollment were due to families moving out of the area and families enrolling their students in other online programs. 9-12 student enrollment increased with the addition of a freshman high school program.
- Changes in tuition revenue: Tuition revenue decreased due to decreased enrollment in preschool and before and after school care programs.

The above factors were considered in preparing the District's budget for the 2021-22 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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 458,255
Property taxes receivable	423,729
Due from other governments	2,161,237
Deposits	14,402
Net OPEB asset	33,906
Capital assets, not depreciated	1,582,217
Capital assets, net of accumulated depreciation	15,751,518
Total Assets	20,425,264
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,557,239
Deferred outflows related to OPEB	97,408
Total Deferred Outflows of Resources	1,654,647
LIABILITIES	
Accounts payable	329,233
Accrued wages and benefits	279,578
Due to other governments	610,245
Matured principal payable	77,000
Interest payable	47,015
Long-term liabilities:	
Due within one year	186,317
Due in more than one year	2,659,491
Net pension liability	8,226,632
Net OPEB liability	36,171
Total Liabilities	12,451,682
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	20,540
Deferred inflows related to OPEB	69,367
Total Deferred Inflows of Resources	89,907
NET POSITION	
Net investment in capital assets	15,317,900
Restricted:	
Teacher compensation and other qualified programs (A.R.S 15-977)	550,922
Instructional improvement programs	102,711
Federal instructional programs	28,759
State instructional programs	20,440
Food service	36,466
Community programs	17,598
Extracurricular activities	110,953
Capital projects	689,329
Student activities	11,795
Debt Service	19,755
Unrestricted	(7,368,306)
Total Net Position	\$ 9,538,322

See accompanying Notes to the Basic Financial Statements

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

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	\$ 7,073,254	\$ -	\$ 1,980,565	\$ -	\$ (5,092,689)
Support services:					
Students	603,227	-	40,157	-	(563,070)
Instructional staff	208,570	-	63,943	-	(144,627)
General administration	395,164	-	60,015	-	(335,149)
School administration	434,365	-	10,497	-	(423,868)
Business and other support services	628,423	-	20,363	-	(608,060)
Operation and maintenance of plant	1,418,648	-	536,488	-	(882,160)
Student transportation	874,788	-	27,549	-	(847,239)
Other support services	59,007	-	-	-	(59,007)
Operation of noninstructional services	864,685	160,270	840,249	25,000	160,834
Interest on long-term debt	115,447	-	-	-	(115,447)
Total	\$ 12,675,578	\$ 160,270	\$ 3,579,826	\$ 25,000	(8,910,482)
General revenues:					
Property taxes					3,264,392
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					4,572,847
County equalization					417,640
Investment earnings					25,347
Other					225,466
Total general revenues					8,505,692
Change in net position					(404,790)
Net position - beginning, as restated					9,943,112
Net position - ending					\$ 9,538,322

See accompanying Notes to the Basic Financial Statements

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Classroom Site Fund	Special Projects Fund	Bond Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ -	\$ -	\$ -	\$ 108,562	\$ 349,693	\$ 458,255
Receivables:						
Property taxes	412,687	-	-	-	11,042	423,729
Intergovernmental	1,348,662	-	804,123	-	8,452	2,161,237
Due from other funds	-	563,176	-	556,092	109,137	1,228,405
Deposits	-	-	-	-	14,402	14,402
Total Assets	\$ 1,761,349	\$ 563,176	\$ 804,123	\$ 664,654	\$ 492,726	\$ 4,286,028
LIABILITIES						
Accounts payable	\$ 301,733	\$ 250	\$ 24,212	\$ -	\$ 3,038	\$ 329,233
Due to other funds	554,450	-	671,028	-	2,927	1,228,405
Accrued wages	177,643	12,004	59,684	-	30,247	279,578
Registered warrants	610,245	-	-	-	-	610,245
Matured principal payable	-	-	-	-	77,000	77,000
Interest payable	-	-	-	-	47,015	47,015
Total Liabilities	1,644,071	12,254	754,924	-	160,227	2,571,476
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	220,462	-	-	-	11,473	231,935
FUND BALANCES						
Restricted	-	550,922	49,199	664,654	323,953	1,588,728
Unassigned	(103,184)	-	-	-	(2,927)	(106,111)
Total Fund Balances	(103,184)	550,922	49,199	664,654	321,026	1,482,617
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,761,349	\$ 563,176	\$ 804,123	\$ 664,654	\$ 492,726	\$ 4,286,028

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, 2021

Total Fund Balance - Governmental Funds	\$ 1,482,617
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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	\$ 28,073,087	
Accumulated depreciation	(10,739,352)	17,333,735

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds:	231,935
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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:

33,906

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:

General obligation bonds	(2,359,000)	
Unamortized premium on bonds	(45,171)	
Net pension liability	(8,226,632)	
Net OPEB liability	(36,171)	
Capital leases	(276,318)	
Compensated absences	(165,319)	(11,108,611)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources relating to pensions/OPEB:	1,654,647	
Deferred inflows of resources relating to pensions/OPEB:	(89,907)	1,564,740

Total Net Position - Governmental Activities	\$ 9,538,322
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See accompanying Notes to the Basic Financial Statements

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Classroom Site Fund	Special Projects Fund	Bond Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 3,087,319	\$ -	\$ -	\$ -	\$ 181,700	\$ 3,269,019
Intergovernmental	5,038,008	372,547	2,422,615	-	494,519	8,327,689
Charges for Services	-	-	-	-	136,795	136,795
Food Services Sales	-	-	-	-	6,095	6,095
Auxiliary Operations	16,243	-	-	-	224	16,467
Student Activities	-	-	-	-	3,542	3,542
Contributions and Donations	92,128	-	-	-	134,029	226,157
Investment Earnings	-	6,537	5,019	-	13,791	25,347
Other	239,304	-	-	-	-	239,304
Total Revenues	8,473,002	379,084	2,427,634	-	970,695	12,250,415
EXPENDITURES						
Current:						
Instruction	4,566,899	422,903	1,398,964	230,204	173,857	6,792,827
Support Services:						
Students	577,832	9,316	19,263	-	-	606,411
Instructional Staff	152,062	6,494	48,714	-	512	207,782
General Administration	312,517	-	56,072	-	-	368,589
School Administration	430,607	-	9,782	-	-	440,389
Business and Other Support Services	594,768	-	13,968	1,374	300	610,410
Operations and Maintenance of Plant	772,634	-	502,648	-	9,964	1,285,246
Student Transportation	766,817	-	5,520	-	1,230	773,567
Operations of Noninstructional Services	21,558	-	383,654	-	459,656	864,868
Debt service:						
Principal	-	-	-	-	136,393	136,393
Interest and other	-	-	-	-	117,957	117,957
Capital Outlay:						
Facilities Acquisition	-	-	-	1,048,122	11,600	1,059,722
Total Expenditures	8,195,694	438,713	2,438,585	1,279,700	911,469	13,264,161
Excess (Deficiency) of Revenues Over Expenditures	277,308	(59,629)	(10,951)	(1,279,700)	59,226	(1,013,746)
Other Financing Sources (Uses)						
Transfers in	64,859	-	-	-	70,200	135,059
Transfers out	(70,200)	-	(23,234)	-	(41,625)	(135,059)
Net Financing Sources (Uses)	(5,341)	-	(23,234)	-	28,575	-
NET CHANGE IN FUND BALANCE	271,967	(59,629)	(34,185)	(1,279,700)	87,801	(1,013,746)
Fund Balance - Beginning, as restated	(375,151)	610,551	83,384	1,944,354	233,225	2,496,363
Fund Balance - Ending	\$ (103,184)	\$ 550,922	\$ 49,199	\$ 664,654	\$ 321,026	\$ 1,482,617

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, 2021

Net Change in Fund Balances - Governmental Funds \$ (1,013,746)

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

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

Expenditures for capital outlay: \$	995,336	
Depreciation expense:	(630,377)	364,959

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. (2,829)

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

Property taxes	(4,627)
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension 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.

Pension contributions	670,496
Pension expense	(548,784)
Other post employment benefits contributions	32,739
Other post employment benefits expense	(22,106)

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 capital lease	59,393
Principal payment on school improvement bonds	77,000
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	(19,795)
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Change in Net Position of Governmental Activities	\$ (404,790)
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See accompanying Notes to the Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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. During the year ended June 30, 2021, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and provides guidance as to how those activities should be reported (see Note 13).

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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.

The *Bond Building Fund* accounts for monies received through bond issuances for the construction, acquisition and improvements to land and school buildings.

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.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 (\$804,123), federal food service reimbursements (\$8,452), intergovernmental agreements (\$54,388), and state equalization (\$1,294,274).

Deposits

Deposits in the amount of \$14,402 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

The District recognizes the liquidation of net position that is applicable to a future reporting period in the government-wide financial statements as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions/OPEB under GASB 68 and GASB 75.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2021 or within 60 days of fiscal year-end. These deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

The District also recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions/OPEB under GASB 68 and GASB 75.

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 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position (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	Bond Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Restricted						
Teacher compensation and other qualified programs (A.R.S. 15-977)	\$ -	\$ 550,922	\$ -	\$ -	\$ -	\$ 550,922
Instructional improvement programs	-	-	-	-	102,711	102,711
Federal instructional programs	-	-	28,759	-	-	28,759
State instructional programs	-	-	20,440	-	-	20,440
Food services	-	-	-	-	36,466	36,466
Community programs	-	-	-	-	17,598	17,598
Extracurricular activities	-	-	-	-	110,953	110,953
Capital projects	-	-	-	664,654	24,675	689,329
Student activities	-	-	-	-	11,795	11,795
Debt service	-	-	-	-	19,755	19,755
Total restricted	-	550,922	49,199	664,654	323,953	1,588,728
Unassigned	(103,184)	-	-	-	(2,927)	(106,111)
Total	\$ (103,184)	\$ 550,922	\$ 49,199	\$ 664,654	\$ 321,026	\$ 1,482,617

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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
Special Projects Fund			
Regular education	\$ 1,184,782	\$ 1,845,463	\$ 660,681
Special education	136,378	212,422	76,044
Community services	240,867	375,180	134,313
Pupil transportation	3,545	5,520	1,975
Total:	<u>\$ 1,565,572</u>	<u>\$ 2,438,585</u>	<u>\$ 873,013</u>

The budget excess was due to grant funding that was not budgeted during the current year, including ESSER funding and REIL funding.

Deficit Fund Balance

The District incurred a deficit fund balance in the General Fund of \$103,184 and within 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 at June 30, 2021 consist of the following:

Deposits:	
Cash in bank	\$ 40,683
Investments:	
Cash on deposit with county treasurer	417,572
Total cash and cash equivalents	<u>\$ 458,255</u>

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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. At June 30, 2021, the carrying amount of the District’s deposits was \$40,683 and the bank balance was \$43,640. At June 30, 2021, the entire bank balance was covered by Federal Depository Insurance.

Investments

At June 30, 2021, 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:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General Fund	\$ 220,462
Debt Service Fund	11,473
Total	<u>\$ 231,935</u>

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 1,582,217	\$ -	\$ -	\$ 1,582,217
Construction in progress	134,705	969,607	(1,104,312)	-
Total Capital Assets not Being Depreciated	1,716,922	969,607	(1,104,312)	1,582,217
Capital assets being depreciated				
Land improvements	2,281,707	35,008	-	2,316,715
Buildings and improvements	19,240,112	1,060,962	-	20,301,074
Vehicles, equipment, and furniture	3,850,236	34,071	(11,226)	3,873,081
Total Capital Assets Being Depreciated	25,372,055	1,130,041	(11,226)	26,490,870
Less Accumulated Depreciation				
Land improvements	(1,185,175)	(94,458)	-	(1,279,633)
Buildings and improvements	(6,052,508)	(363,469)	-	(6,415,977)
Vehicles, equipment, and furniture	(2,879,689)	(172,450)	8,397	(3,043,742)
Total Accumulated Depreciation	(10,117,372)	(630,377)	8,397	(10,739,352)
Total Capital assets, being depreciated, net	15,254,683	499,664	(2,829)	15,751,518
Governmental Activities Capital Assets, Net	\$ 16,971,605	\$ 1,469,271	\$ (1,107,141)	\$ 17,333,735

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 353,252
Support Services:	
Instructional Staff	4,074
General Administration	24,273
School Administration	1,274
Business and Other Support Services	24,695
Operations and Maintenance of Plant	84,557
Student Transportation	126,981
Operation of Noninstructional Services	11,271
	<u>\$ 630,377</u>

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 –TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Transfer to	Transfer from			Total
	General Fund	Special Projects Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 23,234	\$ 41,625	\$ 64,859
Non-Major Governmental Funds	70,200	-	-	70,200
Total	\$ 70,200	\$ 23,234	\$ 41,625	\$ 135,059

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 capital lease.

NOTE 7 –INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2021, interfund receivables and payables were as follows:

Due to other funds	Due from other funds			Total
	Classroom Site Fund	Bond Building Fund	Non-Major Governmental Funds	
General Fund	\$ 554,450	\$ -	\$ -	\$ 554,450
Special Projects Fund	8,726	556,092	106,210	671,028
Non-Major Governmental Funds	-	-	2,927	2,927
Total	\$ 563,176	\$ 556,092	\$ 109,137	\$ 1,228,405

The above interfund receivables and payables are due to cash shortfalls at June 30, 2021. State equalization was received subsequent to June 30, 2021 to repay the short-term borrowing.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 are as follows:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
School improvement bonds	\$ 2,436,000	\$ -	\$ (77,000)	\$ 2,359,000	\$ 93,000
Unamortized premium	47,681	-	(2,510)	45,171	-
Capital leases	335,711	-	(59,393)	276,318	61,455
Compensated absences	145,524	96,792	(76,997)	165,319	31,862
Total	\$ 2,964,916	\$ 96,792	\$ (215,900)	\$ 2,845,808	\$ 186,317

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%	7/1/21-39	\$ 2,436,000	\$ 2,359,000

Debt service requirements on the bonds payable at June 30, 2021 are as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 93,000	\$ 91,057
2023	97,000	87,468
2024	101,000	83,723
2025	104,000	79,825
2026	108,000	75,810
2027-2031	609,000	312,930
2032-2036	735,000	186,091
2037-2040	512,000	40,028
Total	\$ 2,359,000	\$ 956,933

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Obligations Under Capital Lease

The District has acquired energy upgrades under the provisions of a long-term a lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund are transferred to the Energy and Water Savings Fund to pay the capital lease obligations when due. Amortization of assets recorded under capital leases is included with depreciation expense.

The assets capitalized and acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Building improvements	\$ 586,706
Less: accumulated depreciation	(221,644)
Total	<u>\$ 365,062</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2021, were as follows:

Year ending June 30:	Governmental Activities
2022	\$ 70,148
2023	70,148
2024	70,148
2025	70,148
2026	<u>17,536</u>
Total minimum lease payments	<u>298,128</u>
Less: amount representing interest	<u>(21,810)</u>
Present value of net minimum capital lease payments	<u>\$ 276,318</u>

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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. At year end, the District did not have an outstanding line of credit balance. General Fund revenues are used to repay the line of credit. Short-term debt activity for the current fiscal year was as follows:

	Balance July 01, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Revolving line of credit	\$ 1,096,000	\$ -	\$ (1,096,000)	\$ -

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.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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

Cost Sharing Pension Plan

At June 30, 2021, the District reported the following related to pensions and OPEB to which it contributes:

	Net Pension Liability (Asset)	Net OPEB Liability (Asset)
Net assets	\$ -	\$ (33,906)
Net liability	8,226,632	36,171
Deferred outflows of resources	1,557,239	97,408
Deferred inflows of resources	20,540	69,367
Expense	548,784	22,106
Contributions	670,496	32,739

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.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Arizona State Retirement System (Continued)

Benefits Provided

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

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

**With actuarially reduced benefits.*

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

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

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.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Arizona State Retirement System (Continued)

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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent 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 10.21 percent (10.14 percent for retirement and 0.07 percent 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, 2021, were as follows:

	<u>Contributions</u>
Pension	\$ 670,496
Health insurance premium benefit	22,446
Long-term disability	10,293

During the fiscal year ended June 30, 2021, the District paid for ASRS pension as follows: 66% from the General Fund, 6% from the Classroom Site Fund 22% from the Special Projects Fund, and 6% from nonmajor governmental funds.

Liability

At June 30, 2021, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability:

	<u>Net pension/OPEB (asset)/liability</u>
Pension	\$ 8,226,632
Health insurance premium benefit	(33,906)
Long-term disability	36,171

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Arizona State Retirement System (Continued)

Liability (Continued)

The net asset and net liabilities were measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020, and the change from its proportions measured as of June 30, 2019, were:

	District % Proportion	Increase (Decrease)
Pension	0.04748%	0.00020%
Health insurance premium benefit	0.04789%	0.00070%
Long-term disability	0.04768%	0.00042%

Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021, the District recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 548,784
Health insurance premium benefit	10,966
Long-term disability	11,140

At June 30, 2021, 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	\$ 74,424	\$ -	\$ 3,148
Changes of assumptions or other inputs	-	18,797	3,897
Changes in proportion and differences between contributions and proportionate share of contributions	18,851	-	153
Contributions subsequent to the measurement date	670,496	22,446	10,293
Total	\$ 1,557,239	\$ 75,935	\$ 21,473

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 66,809	\$ 931
Changes in proportion and differences between contributions and proportionate share of contributions	20,540	298	1,329
Total	\$ 20,540	\$ 67,107	\$ 2,260

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Arizona State Retirement System (Continued)

Expense and Deferred Outflows/Inflows of Resources (Continued)

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2022. 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
2022	\$ 81,545	\$ (7,304)	\$ 1,426
2023	252,236	37	2,073
2024	287,006	1,669	2,191
2025	245,416	(1,877)	1,945
2026	-	(6,143)	913
Thereafter	-	-	372
Total	\$ 866,203	\$ (13,618)	\$ 8,920

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, 2019	June 30, 2019	June 30, 2019
Actuarial roll forward date	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases	2.7-7.2%	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, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Arizona State Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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%	6.39%
Fixed Income - credit	20%	5.44%
Fixed Income - interest rate sensitive	10%	0.22%
Real Estate	20%	5.85%
Total	100%	

Discount Rate – The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the District’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate

The following table presents the District’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	Proportionate share of the net liability (asset)		
	Current		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Pension	\$ 11,249,807	\$ 8,226,632	\$ 5,699,412
Health insurance premium benefit	44,488	(33,906)	(100,622)
Long-term disability	39,492	36,171	32,946

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

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – RESTATEMENT

At June 30, 2021, the District recorded a restatement of fund balance due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and provides guidance as to how those activities should be reported. The Student Activities Fund reported in the prior year as fiduciary activities does not meet these new fiduciary activities criteria and has been reclassified as a special revenue governmental fund.

Additionally, at June 30, 2021, the District recorded a restatement of fund balance between the Classroom Site Fund and Special Projects Fund to correct expenditures that were paid from the incorrect fund in the prior fiscal year.

The net effects of the restatements on the Governmental Activities and Governmental Funds are as follows:

Governmental Funds

	Fund balance as previously stated	Expenditure adjustment	Adoption of GASB Statement No. 84	Fund balance as restated
General Fund	\$ (375,151)	\$ -	\$ -	\$ (375,151)
Special Projects Fund	29,529	53,855	-	83,384
Classroom Site Fund	664,406	(53,855)	-	610,551
Bond Building Fund	1,944,354	-	-	1,944,354
Nonmajor Governmental Funds	225,025	-	8,200	233,225
Total governmental funds	<u>\$ 2,488,163</u>	<u>\$ -</u>	<u>\$ 8,200</u>	<u>\$ 2,496,363</u>

Governmental Activities

	Net position as previously stated	Adoption of GASB Statement No. 84	Net position as restated
Governmental Activities	<u>\$ 9,934,912</u>	<u>\$ 8,200</u>	<u>\$ 9,943,112</u>

**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, 2021

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.04748%	0.04728%	0.04772%	0.05250%	0.04799%	0.05087%	0.04513%
Proportionate share of the net pension liability	\$ 8,226,632	\$ 6,879,790	\$ 6,655,261	\$ 8,178,447	\$ 7,746,068	\$ 7,924,235	\$ 6,677,835
Covered payroll	\$ 5,179,231	\$ 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	158.84%	136.72%	139.95%	159.06%	179.69%	169.45%	164.88%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 670,496	\$ 593,022	\$ 562,592	\$ 518,335	\$ 554,293	\$ 467,723	\$ 509,269
Contributions in relation to the actuarially determined contribution	670,496	593,022	562,592	518,335	554,293	467,723	509,269
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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-employee payroll	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, 2021

ARIZONA STATE RETIREMENT SYSTEM

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

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Proportion of the net OPEB (asset) liability	0.04789%	0.04719%	0.04705%	0.05184%
Proportionate share of the net OPEB (asset) liability	\$ (33,906)	\$ (13,041)	\$ (16,942)	\$ (28,222)
Covered payroll	\$ 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	-0.65%	-0.26%	-0.36%	-0.55%
Plan fiduciary net position as a percentage of the total OPEB liability	104.33%	101.62%	102.20%	103.57%

SCHEDULE OF CONTRIBUTIONS

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

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Proportion of the net OPEB liability	0.04768%	0.04726%	0.04780%	0.05209%
Proportionate share of the net OPEB liability	\$ 36,171	\$ 30,787	\$ 24,976	\$ 18,881
Covered payroll	\$ 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	0.70%	0.61%	0.53%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%

SCHEDULE OF CONTRIBUTIONS

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 3,087,223	\$ (3,087,223)
Intergovernmental	-	-	4,813,292	(4,813,292)
Investment earnings	-	-	2,744	(2,744)
Other	-	-	10,263	(10,263)
Total Revenues	-	-	7,913,522	(7,913,522)
EXPENDITURES				
Regular education:				
Instruction	3,458,626	3,298,123	3,685,528	(387,405)
Support services - students	165,500	169,889	169,350	539
Support services - instructional staff	172,900	124,930	139,807	(14,877)
Support services - general administration	304,100	253,780	249,729	4,051
Support services - school administration	396,100	430,200	430,155	45
Support services - business and other	263,400	449,772	342,006	107,766
Operations and maintenance of plant	1,101,710	1,113,943	755,257	358,686
Operation of noninstructional services	7,000	8,706	15,115	(6,409)
Other programs	-	9,293	9,299	(6)
Total regular education:	5,869,336	5,858,636	5,796,246	62,390
Special education:				
Instruction	940,000	528,074	541,926	(13,852)
Support services - students	395,200	388,348	372,398	15,950
Support services - instructional staff	-	-	665	(665)
Total special education:	1,335,200	916,422	914,989	1,433
Pupil transportation:				
Student transportation services	715,753	741,782	683,205	58,577
K-3 reading program:				
Instruction	53,758	46,477	46,477	-
Total Expenditures	7,974,047	7,563,317	7,440,917	122,400
Excess (Deficiency) of Revenues Over Expenditures	(7,974,047)	(7,563,317)	472,605	(7,791,122)
Other Financing Sources (Uses):				
Transfers out	-	-	(70,200)	(70,200)
NET CHANGE IN FUND BALANCE	(7,974,047)	(7,563,317)	402,405	7,965,722
Fund Balance - Beginning	-	-	(117,420)	(117,420)
Fund Balance - Ending	\$ (7,974,047)	\$ (7,563,317)	\$ 284,985	\$ 7,848,302

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
BUDGETARY COMPARISON SCHEDULE
CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 372,547	\$ (372,547)
Investment earnings	-	-	6,537	(6,537)
Total Revenues	-	-	379,084	(379,084)
EXPENDITURES				
Regular education:				
Instruction	1,262,424	1,044,709	398,706	646,003
Support services - students	4,320	9,266	9,316	(50)
Support services - instructional staff	-	-	6,494	(6,494)
Total regular education:	1,266,744	1,053,975	414,516	639,459
Special education:				
Instruction	18,822	26,581	24,197	2,384
Total Expenditures	1,285,566	1,080,556	438,713	641,843
Excess (Deficiency) of Revenues				
Over Expenditures	(1,285,566)	(1,080,556)	(59,629)	262,759
Fund Balance - Beginning	-	-	610,551	610,551
Fund Balance - Ending	\$ (1,285,566)	\$ (1,080,556)	\$ 550,922	\$ 1,631,478

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 81
BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,422,615	\$ (2,422,615)
Investment earnings	-	-	5,019	5,019
Total Revenues	-	-	2,427,634	(2,417,596)
EXPENDITURES				
Regular education:				
Instruction	806,645	737,441	1,148,674	(411,233)
Support services - students	2,901	2,653	4,131	(1,478)
Support services - instructional staff	34,209	31,275	48,714	(17,439)
Support services - general administration	34,460	31,505	49,072	(17,567)
Support services - school administration	6,869	6,280	9,782	(3,502)
Support services - business and other	9,809	8,967	13,968	(5,001)
Operations and maintenance of plant	352,979	322,700	502,648	(179,948)
Other support services	42,134	38,520	60,000	(21,480)
Operation of noninstructional services	5,951	5,441	8,474	(3,033)
Total regular education:	1,295,957	1,184,782	1,845,463	(660,681)
Special education:				
Instruction	133,629	122,167	190,290	(68,123)
Support services - students	10,626	9,716	15,132	(5,416)
Support services - general administration	4,916	4,495	7,000	(2,505)
Total special education:	149,171	136,378	212,422	(76,044)
Community services:				
Operation of noninstructional services	263,466	240,867	375,180	(134,313)
Pupil transportation:				
Student transportation services	3,876	3,545	5,520	(1,975)
Total Expenditures	1,712,470	1,565,572	2,438,585	(873,013)
Excess (Deficiency) of Revenues				
Over Expenditures	(1,712,470)	(1,565,572)	(10,951)	(3,290,609)
Other Financing Sources (Uses):				
Transfers out	-	-	(23,234)	(23,234)
NET CHANGE IN FUND BALANCE	(1,712,470)	(1,565,572)	(34,185)	1,531,387
Fund Balance - Beginning	-	-	83,384	83,384
Fund Balance - Ending	\$ (1,712,470)	\$ (1,565,572)	\$ 49,199	\$ 1,614,771

See accompanying Notes to Required Supplementary Information

NADABURG UNIFIED SCHOOL DISTRICT NO. 43
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

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	\$ 8,473,002	\$ 8,195,694	\$ (5,341)	\$ (375,151)	\$ (103,184)
Non-maintenance and operation activity included in the General Fund	(559,480)	(754,777)	(64,859)	257,731	388,169
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	\$ 7,913,522	\$ 7,440,917	\$ (70,200)	\$ (117,420)	\$ 284,985

**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
2021	\$ 3,961,069	\$ 3,896,454	98.37%	\$ 3,896,454	98.37%
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%
2012	4,419,875	4,329,326	97.95%	4,329,326	97.95%

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, 2021
(UNAUDITED)

Description	2020-21 Limited Assessed Value	As Percentage of District's Net Limited Value
Commercial, Industrial, Utilities and Mines	\$ 9,801,352	8.91%
Agricultural and Vacant	12,356,012	11.23%
Residential (Owner Occupied)	39,289,568	35.70%
Residential (Rental Occupied)	12,412,375	11.28%
Railroad	1,738,980	1.58%
	<u>\$ 75,598,287</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, 2021
(UNAUDITED)

Description	2020-21 Net Full Cash Value	As Percentage of District's Net Full Cash Value
Commercial, Industrial, Utilities and Mines	\$ 10,038,040	9.12%
Agricultural and Vacant	23,637,033	21.48%
Residential (Owner Occupied)	56,314,951	51.18%
Residential (Rental Occupied)	17,864,100	16.23%
Railroad	2,187,118	1.99%
	<u>\$ 110,041,242</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, 2021
(UNAUDITED)

Taxpayer	2020-21 Limited Property Value Assessed	Percentage of District's Net Secondary Assessed Valuation
Arizona Public Service Company	\$ 3,610,409	4.78%
MCI Communications Services Inc	2,225,980	2.94%
BNSF Railway Company	1,738,980	2.30%
Southwest Gas Corporation (T&D)	832,402	1.10%
SFI Grand Vista LLC	719,558	0.95%
Luis Elena Management LLC	493,003	0.65%
A5 Residential LLC	381,193	0.50%
Metro Oasis LLLP	323,768	0.43%
Carioca Company	312,323	0.41%
Infinity Capital Golf Resources LLC	284,084	0.38%
Totals:	<u>\$ 10,921,700</u>	<u>14.44%</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.