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**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**WITTMANN, ARIZONA**

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**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2023**



**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
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**JUNE 30, 2023**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nadaburg Unified School District No. 81 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nadaburg Unified School District No. 81, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of a Matter***

For the year ended June 30, 2023, fund balance was restated in the Nonmajor Governmental Funds to correct an error in the recognition of expenditures (See Note 13). Our opinion was not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

***Responsibilities of Management for the Financial Statements (Continued)***

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

**Other Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Mesa, Arizona  
March 28, 2024

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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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, 2023.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,184,890 (net position). The District's total net position increased by \$10,704,940 or 113%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$479,307, a decrease of \$985,130 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was (\$369,352), a decrease of \$510,433 in comparison with the prior year.
- The District's total bonded debt decreased by \$97,000 during the current fiscal year. This decrease was due to the regularly scheduled principal payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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**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 twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Projects Fund, Adjacent Ways Fund, and New School Facilities Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single aggregated presentation.

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

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

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

**Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 18 - 37 of this report.

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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**Required Supplementary Information Other than MD&A**

The District reports a multi-year schedule of the District's proportionate share of net pension liability and contributions to its cost-sharing pension 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 and Special Projects Fund budgetary comparison schedules as RSI other than the MD&A which can be found on pages 39 - 40 of this report. Notes to the RSI are presented after the budgetary comparison schedules on page 41.

**Other information**

The statistical section includes selected tax and debt information a multi-year basis. The statistical section can be found on pages 42 - 45 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 \$20,184,890 at the close of the most recent fiscal year.

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

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 2,891,219	\$ 2,940,677	\$ (49,458)
Capital assets	29,789,153	17,820,174	11,968,979
<b>Total Assets</b>	<b>32,680,372</b>	<b>20,760,851</b>	<b>11,919,521</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,570,330</b>	<b>2,247,193</b>	<b>323,137</b>
<b>LIABILITIES</b>			
Current liabilities	1,902,511	1,187,272	715,239
Long-term liabilities	12,698,865	9,897,845	2,801,020
<b>Total Liabilities</b>	<b>14,601,376</b>	<b>11,085,117</b>	<b>3,516,259</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>464,436</b>	<b>2,348,702</b>	<b>(1,884,266)</b>
<b>NET POSITION</b>			
Investment in capital assets	26,804,713	14,836,494	11,968,219
Restricted	1,325,084	1,419,477	(94,393)
Unrestricted	(7,944,907)	(6,776,021)	(1,168,886)
<b>Total Net Position</b>	<b>\$ 20,184,890</b>	<b>\$ 9,479,950</b>	<b>\$ 10,704,940</b>

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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

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

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

Overall, net position increased \$10,704,940 or 113%. Key elements of this increase are indicated as follows:

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 1,081,530	\$ 348,827	\$ 732,703
Operating grants and contributions	3,967,728	4,333,190	(365,462)
Capital grants and contributions	11,792,453	8,460	11,783,993
General revenues			
Property taxes	3,123,585	3,662,261	(538,676)
State equalization and additional state aid	7,590,769	5,279,798	2,310,971
County equalization	3,297	429,391	(426,094)
Interest and other	433,359	270,337	163,022
<b>Total Revenues</b>	<b>27,992,721</b>	<b>14,332,264</b>	<b>13,660,457</b>
<b>EXPENSES</b>			
Instruction	9,098,708	7,472,744	1,625,964
Support Services			
Students and instructional staff	1,582,785	1,254,470	328,315
General and school administration	1,182,132	925,366	256,766
Business and other support services	971,902	759,507	212,395
Operation and maintenance of plant	1,366,057	1,494,871	(128,814)
Operation of noninstructional services	1,816,636	1,366,714	449,922
Student transportation	1,154,393	1,019,423	134,970
Interest on long-term debt	106,804	97,541	9,263
<b>Total Expenses</b>	<b>17,287,781</b>	<b>14,390,636</b>	<b>2,897,145</b>
<b>Change in net position</b>	<b>10,704,940</b>	<b>(58,372)</b>	<b>10,763,312</b>
<b>Net Position - Beginning</b>	<b>9,479,950</b>	<b>9,538,322</b>	<b>(58,372)</b>
<b>Net Position - Ending</b>	<b>\$ 20,184,890</b>	<b>\$ 9,479,950</b>	<b>\$ 10,704,940</b>

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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**Program Revenues**

The District reported an increase in charges for services of \$732,703 (210%). This increase was mainly due to increases in auxiliary operations, student activities, food sales, and community education revenue related to the continued easing of COVID-19 restrictions.

Operating Grants and Contributions decreased \$365,462 or 9%. This decrease was primarily due to decreased federal grant funding related to COVID-19.

The increase of \$11,783,993 in capital grants and contributions was related to increased School Facilities Division funding to purchase a new parcel of land to build a new high school.

**General Revenues**

The District experienced a 15% decrease in property tax revenue as a result of a decrease in the tax levy.

State equalization and additional state aid and county equalization increased by a net \$1,884,877 (33%) due to increases in the state's budget formula and enrollment.

Interest and other income increased \$163,022 due to a large one-time refund received relating to the purchase of a parcel of land.

The District incurred a 20% increase in expenses in the current year. The District's mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The increase was mainly due to increases in salaries and related benefits, supplies, fuel, and commodities related to the easing of COVID-19 restrictions and the resumption of pre-COVID-19 level activity.

**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**  
**JUNE 30, 2023**

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**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 \$479,307, a decrease of \$985,130 in comparison with the prior year. The District reported an unassigned fund balance of (\$402,571). The remaining fund balance is restricted to indicate that it is not available for new spending.

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

	<b>Balance</b>	<b>Increase (Decrease) From 2021-22</b>
<b>GOVERNMENTAL FUND</b>		
General Fund	\$ (369,352)	\$ (510,433)
Special Projects Fund	83,540	41,434
Adjacent Ways Fund	517,743	167,938
New School Facilities Fund	(12,981)	(12,981)
Nonmajor Governmental Funds	260,357	(671,088)
Total Fund Balance	<u>\$ 479,307</u>	<u>\$ (985,130)</u>

The decrease in the General Fund can be attributed to increases in teacher salaries and other costs relating to the rapid growth of the District. Increased property tax revenues and state aid are expected to be received in subsequent years to cover the deficit.

The increase of \$41,434 in the Special Projects Fund was due to the receipt of grant monies that will be spent in subsequent years.

The increase in the Adjacent Ways Fund was due to the receipt of property tax revenues that will be spent in future fiscal years.

The decrease in the New School Facilities Fund was not considered significant.

The Nonmajor Governmental Funds had a decrease of \$671,088. The decrease was due to a variety of factors including the spending down of bond proceeds, the spending down of Classroom Site Fund balance, and net loss within the Food Service Fund.

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget totaled \$540,820. 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 \$540,820 was allocated among various line items, mostly a reduction to regular education – instruction and increases to regular education –operations of maintenance and plant and school sponsored athletics. Budgetary basis General Fund expenditures were \$21,963 less than budget during the fiscal year. Budgetary basis expenditures were within 0.23% of budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District’s investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$29,789,153 (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 67%.

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

- Land purchase
- Architecture and planning costs for the new high school
- Portables installation and design

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

	Governmental Activities		
	2023	2022	Net Change
<b>CAPITAL ASSETS</b>			
Land	\$ 11,609,719	\$ 1,582,217	\$ 10,027,502
Construction in progress	1,643,013	-	1,643,013
Land improvements	1,052,879	1,110,582	(57,703)
Buildings & improvements	14,318,755	13,831,474	487,281
Vehicles, equipment, and furniture	1,164,787	1,295,901	(131,114)
<b>Total Capital Assets</b>	<b>\$ 29,789,153</b>	<b>\$ 17,820,174</b>	<b>\$ 11,968,979</b>

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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**Long-Term Debt**

At end of the current fiscal year, the District had total bonded debt outstanding of \$2,209,151. All of the District's bonded debt is backed by the full faith and credit of the District.

	Governmental Activities		
	2023	2022	Net Change
<b>LONG-TERM LIABILITIES</b>			
School improvement bonds	\$ 2,169,000	\$ 2,266,000	\$ (97,000)
Unamortized premium	40,151	42,661	(2,510)
Financed purchases	775,289	940,989	(165,700)
Compensated absences	188,286	202,325	(14,039)
Net pension liability	9,520,751	6,727,453	2,793,298
Net OPEB liability	5,388	10,668	(5,280)
<b>Total Long-term Liabilities</b>	<b>\$ 12,698,865</b>	<b>\$ 10,190,096</b>	<b>\$ 2,508,769</b>

The District's bonded debt decreased by \$99,510 during the current fiscal year. This decrease was due to the scheduled payments on the general obligation bonds and the related amortization of the bond premium.

The state constitution limits the amount of total outstanding bonded indebtedness of a unified school district to 30% of its net full cash value. The current constitutional debt limitation for the District is \$47,235,014, 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 \$2,209,151. As of June 30, 2023, the District was under its legal debt limit for Class B bonds by \$29,280,858.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Increased property tax rates and assessed valuation: The assessed valuation of properties within the District continues to increase as the District is experiencing housing growth.
- Increases in enrollment.
- Increases in K-8 student enrollment were due to families moving into the area. 9-12 student enrollment increased with the addition of a grade 11 high school program.
- Changes in tuition revenue: Tuition revenue increased due to increased enrollment in preschool and before and after school care programs.

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

**REQUEST FOR INFORMATION**

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

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## **BASIC FINANCIAL STATEMENTS**

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**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 114,889
Property taxes receivable	446,233
Intergovernmental	1,990,520
Deposits	14,467
Net OPEB asset	325,110
Capital assets, not depreciated	13,252,732
Capital assets, net of accumulated depreciation	16,536,421
<b>Total Assets</b>	<b>32,680,372</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	2,532,156
Deferred outflows related to OPEB	38,174
<b>Total Deferred Outflows of Resources</b>	<b>2,570,330</b>
<b>LIABILITIES</b>	
Accounts payable	423,608
Accrued wages and benefits	668,393
Due to other governments	669,776
Matured principal payable	97,000
Interest payable	43,734
Long-term liabilities:	
Due within one year	274,231
Due in more than one year	12,424,634
<b>Total Liabilities</b>	<b>14,601,376</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	250,786
Deferred inflows related to OPEB	213,650
<b>Total Deferred Inflows of Resources</b>	<b>464,436</b>
<b>NET POSITION</b>	
Net investment in capital assets	26,804,713
Restricted:	
Net OPEB asset	325,110
Instructional improvement programs	56,666
Federal instructional programs	82,641
State instructional programs	899
Food service	26,721
Community programs	263,797
Extracurricular activities	26,023
Capital projects	519,067
Student activities	24,160
Unrestricted	(7,944,907)
<b>Total Net Position</b>	<b>\$ 20,184,890</b>

*See accompanying Notes to Basic Financial Statements*

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:					
Instruction	\$ 9,098,708	\$ -	\$ 2,031,424	\$ -	\$ (7,067,284)
Support services:					
Students	1,054,432	-	271,407	-	(783,025)
Instructional staff	528,353	-	406,811	-	(121,542)
General administration	468,910	-	15,981	-	(452,929)
School administration	713,222	-	56,635	-	(656,587)
Business and other support services	971,902	-	90,942	-	(880,960)
Operation and maintenance of plant	1,366,057	44,169	41,563	11,792,453	10,512,128
Student transportation	1,154,393	-	70,738	-	(1,083,655)
Other support services	8,364	-	-	-	(8,364)
Operation of noninstructional services	1,816,636	1,037,361	982,227	-	202,952
Interest on long-term debt	106,804	-	-	-	(106,804)
<b>Total</b>	<b>\$ 17,287,781</b>	<b>\$ 1,081,530</b>	<b>\$ 3,967,728</b>	<b>\$ 11,792,453</b>	<b>(446,070)</b>
<b>General revenues:</b>					
Property taxes					3,123,585
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					7,590,769
County equalization					3,297
Investment earnings (loss)					(61,477)
Other					494,836
<b>Total general revenues</b>					11,151,010
<b>Change in net position</b>					10,704,940
<b>Net position - beginning, as restated</b>					9,479,950
<b>Net position - ending</b>					\$ 20,184,890

See accompanying Notes to Basic Financial Statements

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Special Projects Fund	Adjacent Ways Fund	New School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 7,146	\$ 23,625	\$ -	\$ -	\$ 84,118	\$ 114,889
Receivables:						
Property taxes	373,560	-	36,946	-	35,727	446,233
Intergovernmental	-	714,203	-	1,055,810	220,507	1,990,520
Due from other funds	751,820	-	500,069	-	483,196	1,735,085
Deposits	-	-	-	-	14,467	14,467
<b>Total Assets</b>	<b>\$ 1,132,526</b>	<b>\$ 737,828</b>	<b>\$ 537,015</b>	<b>\$ 1,055,810</b>	<b>\$ 838,015</b>	<b>\$ 4,301,194</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 333,624	\$ 30,196	\$ -	\$ -	\$ 59,788	\$ 423,608
Due to other funds	-	425,461	-	1,068,791	240,833	1,735,085
Accrued wages	341,568	198,631	-	-	128,194	668,393
Due to other governments	669,776	-	-	-	-	669,776
Matured principal payable	-	-	-	-	97,000	97,000
Interest payable	-	-	-	-	43,734	43,734
<b>Total Liabilities</b>	<b>1,344,968</b>	<b>654,288</b>	<b>-</b>	<b>1,068,791</b>	<b>569,549</b>	<b>3,637,596</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues	156,910	-	19,272	-	8,109	184,291
<b>FUND BALANCES</b>						
Restricted	-	83,540	517,743	-	280,595	881,878
Unassigned	(369,352)	-	-	(12,981)	(20,238)	(402,571)
<b>Total Fund Balances</b>	<b>(369,352)</b>	<b>83,540</b>	<b>517,743</b>	<b>(12,981)</b>	<b>260,357</b>	<b>479,307</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,132,526</b>	<b>\$ 737,828</b>	<b>\$ 537,015</b>	<b>\$ 1,055,810</b>	<b>\$ 838,015</b>	<b>\$ 4,301,194</b>

*See accompanying Notes to 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, 2023**

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**Total Fund Balance - Governmental Funds** \$ 479,307

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	\$ 41,857,508	
Accumulated depreciation	<u>(12,068,355)</u>	29,789,153

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

184,291

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:

325,110

Long-term liabilities:

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

School improvement bonds	(2,169,000)	
Unamortized premium on bonds	(40,151)	
Net pension liability	(9,520,751)	
Net OPEB liability	(5,388)	
Financed purchases	(775,289)	
Compensated absences	<u>(188,286)</u>	(12,698,865)

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

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

Deferred outflows of resources relating to pensions/OPEB	2,570,330	
Deferred inflows of resources relating to pensions/OPEB	<u>(464,436)</u>	2,105,894

**Total Net Position - Governmental Activities** \$ 20,184,890

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	General Fund	Special Projects Fund	Adjacent Ways Fund	New School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 2,804,957	\$ -	\$ 159,988	\$ -	\$ 207,117	\$ 3,172,062
Intergovernmental	7,675,336	2,276,810	-	11,470,515	1,707,194	23,129,855
Charges for Services	29,807	-	-	-	895,364	925,171
Food Services Sales	-	-	-	-	112,190	112,190
Auxiliary Operations	55,501	-	-	-	24,606	80,107
Contributions and Donations	36,600	-	-	-	106,583	143,183
Investment Earnings (loss)	(25,346)	(822)	7,950	(12,981)	(30,292)	(61,491)
Other	334,012	2,784	-	200,000	3,324	540,120
<b>Total Revenues</b>	<b>10,910,867</b>	<b>2,278,772</b>	<b>167,938</b>	<b>11,657,534</b>	<b>3,026,086</b>	<b>28,041,197</b>
<b>EXPENDITURES</b>						
Current:						
Instruction	5,883,857	1,121,014	-	-	1,396,615	8,401,486
Support Services:						
Students	733,523	128,520	-	-	184,311	1,046,354
Instructional Staff	131,800	355,493	-	-	20,595	507,888
General Administration	401,525	11,665	-	-	-	413,190
School Administration	648,909	32,418	-	-	-	681,327
Business and Other Support Services	877,891	52,956	-	-	300	931,147
Operations and Maintenance of Plant	1,430,846	39,360	-	-	155	1,470,361
Student Transportation	826,973	62,931	-	-	2,793	892,697
Operations of Noninstructional Services	27,520	353,233	-	-	1,368,235	1,748,988
Debt service:						
Principal	102,110	-	-	-	160,590	262,700
Interest and other	15,287	-	-	-	94,026	109,313
Capital Outlay:						
Facilities Acquisition	360,842	-	-	11,670,515	529,519	12,560,876
<b>Total Expenditures</b>	<b>11,441,083</b>	<b>2,157,590</b>	<b>-</b>	<b>11,670,515</b>	<b>3,757,139</b>	<b>29,026,327</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<b>(530,216)</b>	<b>121,182</b>	<b>167,938</b>	<b>(12,981)</b>	<b>(731,053)</b>	<b>(985,130)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	90,783	-	-	-	71,000	161,783
Transfers out	(71,000)	(79,748)	-	-	(11,035)	(161,783)
<b>Net Financing Sources (Uses)</b>	<b>19,783</b>	<b>(79,748)</b>	<b>-</b>	<b>-</b>	<b>59,965</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(510,433)</b>	<b>41,434</b>	<b>167,938</b>	<b>(12,981)</b>	<b>(671,088)</b>	<b>(985,130)</b>
<b>Fund Balance - Beginning, as restated</b>	<b>141,081</b>	<b>42,106</b>	<b>349,805</b>	<b>-</b>	<b>931,445</b>	<b>1,464,437</b>
<b>Fund Balance - Ending</b>	<b>\$ (369,352)</b>	<b>\$ 83,540</b>	<b>\$ 517,743</b>	<b>\$ (12,981)</b>	<b>\$ 260,357</b>	<b>\$ 479,307</b>

See accompanying Notes to 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, 2023**

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**Net Change in Fund Balances - Governmental Funds** \$ (985,130)

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	\$ 12,743,396	
Depreciation expense	<u>(774,417)</u>	11,968,979

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

Property taxes	(48,477)
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Governmental funds report pension/OPEB contributions as expenditures when made. However, in the statement of activities, pension/OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions/OPEB.

Pension contributions	1,081,574	
Pension expense	(1,661,294)	
Other post employment benefits contributions	22,450	
Other post employment benefits expense	<u>47,589</u>	(509,681)

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

Principal payment on financed purchases	165,700	
Principal payment on school improvement bonds	97,000	
Amortization of deferred bond items	<u>2,510</u>	265,210

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

Net decrease(increase) in compensated absences	<u>14,039</u>
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>10,704,940</u></b>
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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**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.

**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, 2023**

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

The *Adjacent Ways Fund* Accounts for transactions relating to special assessments to finance the improvement of public ways adjacent to school property, in accordance with A.R.S. §15-995.

The *New School Facilities Fund* accounts for monies received from ADOA's Division of School Facilities to be used for constructing new school facilities and purchasing land for new school sites.

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

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

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Deposits and Investments**

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

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

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

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

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

**Property Taxes Receivables**

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

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**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 and state grants (\$714,203), Instructional Improvement Fund (\$49,425), and School Facilities Division (\$1,226,892).

**Deposits**

Deposits in the amount of \$14,467 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:

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

**Deferred Outflows of Resources**

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

**Interfund Receivables and Payables**

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

**Compensated Absences**

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Long-Term Obligations**

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

**Deferred Inflows of Resources**

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

**Pension and Other Postemployment Benefit Plans**

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

**Estimates**

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

**Net Position**

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

**Fund Balance**

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

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Balance (Continued)**

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

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

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

The District has classified its fund balances as follows:

	<b>General Fund</b>		<b>Special Projects Fund</b>		<b>Adjacent Ways Fund</b>		<b>New School Facilities Fund</b>		<b>Non-Major Governmental Funds</b>		<b>Total Governmental Funds</b>	
<b>Restricted</b>												
Instructional improvement programs	\$	-	\$	-	\$	-	\$	-	\$	56,666	\$	56,666
Federal instructional programs		-		82,641		-		-		-		82,641
State instructional programs		-		899		-		-		-		899
Food services		-		-		-		-		26,721		26,721
Community programs		-		-		-		-		263,797		263,797
Extracurricular activities		-		-		-		-		26,023		26,023
Capital projects		-		-		517,743		-		1,324		519,067
Student activities		-		-		-		-		24,160		24,160
Total restricted		-		83,540		517,743		-		398,691		999,974
<b>Unassigned</b>		(369,352)		-		-		(12,981)		(138,334)		(520,667)
<b>Total</b>	\$	(369,352)	\$	83,540	\$	517,743	\$	(12,981)	\$	260,357	\$	479,307

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Regular education	\$ 7,448,354	\$ 7,495,007	\$ 46,653
Special education	1,325,051	1,374,713	49,662
Total:	<u>\$ 8,773,405</u>	<u>\$ 8,869,720</u>	<u>\$ 96,315</u>

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

**Deficit Fund Balance**

The District incurred a deficit fund balance in the General Grant Fund in the amount of \$369,352. State equalization was received in the subsequent period to offset the deficit in the General Fund. Additionally, the District incurred a deficit fund balance in the New School Facilities Fund of \$12,981 due to an investment loss on the deficit cash balance. Monies are expected to be received in the subsequent year to offset the New School Facilities Fund deficit.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

Deposits:	
Cash in bank	\$ 114,889

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits**

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. On June 30, 2023, the carrying amount of the District's deposits was \$114,889 and the bank balance was \$127,015. On June 30, 2023, the entire bank balance was covered by Federal Depository Insurance.

**Investments**

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

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

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

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

**NOTE 4 – UNAVAILABLE REVENUE**

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:

	<b>Unavailable Revenue</b>
Delinquent property taxes receivable:	
General Fund	\$ 156,910
Adjacent Ways Fund	19,272
Non-major Governmental Funds	8,109
<b>Total</b>	<b>\$ 184,291</b>

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 5 – CAPITAL ASSETS**

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

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets not being depreciated				
Land	\$ 1,582,217	\$ 10,027,502	\$ -	\$ 11,609,719
Construction in progress	-	1,643,013	-	1,643,013
Total Capital Assets not Being Depreciated	1,582,217	11,670,515	-	13,252,732
Capital assets being depreciated				
Land improvements	2,491,678	44,448	-	2,536,126
Buildings and improvements	20,576,132	893,512	-	21,469,644
Vehicles, equipment, and furniture	4,464,085	134,921	-	4,599,006
Total Capital Assets Being Depreciated	27,531,895	1,072,881	-	28,604,776
Less Accumulated Depreciation				
Land improvements	(1,381,096)	(102,151)	-	(1,483,247)
Buildings and improvements	(6,744,658)	(406,231)	-	(7,150,889)
Vehicles, equipment, and furniture	(3,168,184)	(266,035)	-	(3,434,219)
Total Accumulated Depreciation	(11,293,938)	(774,417)	-	(12,068,355)
Total Capital assets, being depreciated, net	16,237,957	298,464	-	16,536,421
Governmental Activities Capital Assets, Net	\$ 17,820,174	\$ 11,968,979	\$ -	\$ 29,789,153

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 356,043
Support Services:	
Instructional Staff	3,088
General Administration	23,574
School Administration	1,274
Business and Other Support Services	14,087
Operations and Maintenance of Plant	120,632
Student Transportation	244,774
Operation of Noninstructional Services	10,945
	<u>\$ 774,417</u>

There were no construction commitments as of June 30, 2023. Projects were in the architectural and planning phase. Construction is expected to begin in the subsequent year.

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 6 –TRANSFERS**

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

<b>Transfer to</b>	<b>Transfer from</b>			<b>Total</b>
	General Fund	Special Projects Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 79,748	\$ 11,035	\$ 90,783
Non-Major Governmental Funds	71,000	-	-	71,000
<b>Total</b>	<b>\$ 71,000</b>	<b>\$ 79,748</b>	<b>\$ 11,035</b>	<b>\$ 161,783</b>

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

**NOTE 7 –INTERFUND RECEIVABLES AND PAYABLES**

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

<b>Due to other funds</b>	<b>Due from other funds</b>			<b>Total</b>
	General Fund	Adjacent Ways Fund	Non-Major Governmental Funds	
Special Projects Fund	\$ 425,461	\$ -	\$ -	\$ 425,461
New School Facilities Fund	85,526	500,069	483,196	1,068,791
Non-Major Governmental Funds	240,833	-	-	240,833
<b>Total</b>	<b>\$ 751,820</b>	<b>\$ 500,069</b>	<b>\$ 483,196</b>	<b>\$ 1,735,085</b>

The above interfund receivables and payables are due to cash shortfalls on June 30, 2023. Revenues were received subsequent to June 30, 2023 to repay the short-term borrowing.

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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. Financed purchases were related to an energy and water saving program the District entered for energy conservation and school buses. 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, 2023 are as follows:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
School improvement bonds	\$ 2,266,000	\$ -	\$ (97,000)	\$ 2,169,000	\$ 101,000
Unamortized premium	42,661	-	(2,510)	40,151	-
Financed purchases	940,989	-	(165,700)	775,289	165,700
Compensated absences	202,325	84,686	(98,725)	188,286	7,531
Net pension liability	6,727,453	2,793,298	-	9,520,751	-
Net OPEB liability	10,668	-	(5,280)	5,388	-
Total	\$ 10,190,096	\$ 2,877,984	\$ (369,215)	\$ 12,698,865	\$ 274,231

**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
<b>Governmental Activities:</b>				
School Improvements Bonds, Series 2020	3.86%	7/1/23-39	\$ 2,436,000	\$ 2,169,000

Debt service requirements on the bonds payable on June 30, 2023 are as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 101,000	\$ 83,723
2025	104,000	79,825
2026	108,000	75,810
2027	113,000	71,642
2028	117,000	67,280
2029-2033	656,000	265,028
2034-2038	793,000	128,268
2039	177,000	6,832
Total	\$ 2,169,000	\$ 778,408

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)**

**Financed Purchases**

The District has acquired energy upgrades and school buses under the provisions of financed purchases at a total cost of \$586,706 and \$726,126, respectively. Revenues from the General Fund are transferred to the Energy and Water Savings Fund to make the payments when due. Amortization of assets recorded under financed purchases are included with depreciation expense.

Debt service requirements on the financed purchases on June 30, 2023 are as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 160,888	\$ 187,545
2025	166,573	187,545
2026	119,396	134,934
2027	105,655	117,397
2028	109,432	117,397
Thereafter	113,345	117,395
Total	<u>\$ 775,289</u>	<u>\$ 862,213</u>

**NOTE 9 – SHORT TERM DEBT**

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

	Balance July 01, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities:				
Revolving line of credit	\$ 745	\$ 686,000	\$ (686,745)	\$ -

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10 – RISK MANAGEMENT**

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

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

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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

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

**NOTE 11 – CONTINGENT LIABILITIES**

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

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**Cost Sharing Pension Plan**

On June 30, 2023, the District reported the following related to pensions and OPEB to which it contributes:

	Net Pension/OPEB Liability (Asset)
Pension	\$ 9,520,751
Health insurance premium benefit	(325,650)
Long-term disability	5,388

**Arizona State Retirement System**

**Plan Description**

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

**Benefits Provided**

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

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 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.*

**NOTE 12 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Benefits Provided (Continued)**

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

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

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

**Contributions**

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17% (12.03% for retirement and 0.14% for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.68% (9.62% for retirement and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$1,081,574, \$9,842, and \$12,608, respectively.

During the fiscal year ended June 30, 2023, the District paid for ASRS pension as follows: 68% from the General Fund, 13% from the Special Projects Fund, and 19% from nonmajor governmental funds.

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 12 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Pension Liability**

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022, and the change from its proportions measured as of June 30, 2022, were:

	District % Proportion June 30, 2022	Increase (Decrease) from June 30, 2021
Pension	0.05833%	0.00713%
Health insurance premium benefit	0.05835%	0.00618%
Long-term disability	0.05834%	0.00666%

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

**Expense**

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

	Pension/OPEB Expense
Pension	\$ 1,661,294
Health insurance premium benefit	(49,873)
Long-term disability	2,284
Total Pension/OPEB Expense:	<u>\$ 1,613,705</u>

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 12 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Deferred Outflows/Inflows of Resources**

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

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 81,122	\$ -	\$ 2,805
Changes of assumptions or other inputs	472,533	5,285	2,934
Changes in proportion and differences between contributions and proportionate share of contributions	896,927	-	4,700
Contributions subsequent to the measurement date	1,081,574	9,842	12,608
Total	<u>\$ 2,532,156</u>	<u>\$ 15,127</u>	<u>\$ 23,047</u>

  

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 166,193	\$ 5,021
Changes of assumptions or other inputs	-	8,882	13,151
Net difference between projected and actual earnings on pension plan investments	250,786	10,970	167
Changes in proportion and differences between contributions and proportionate share of contributions	-	8,439	827
Total	<u>\$ 250,786</u>	<u>\$ 194,484</u>	<u>\$ 19,166</u>

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

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2024	\$ 1,007,674	\$ (51,767)	\$ (702)
2025	226,151	(56,097)	(1,005)
2026	(435,423)	(61,297)	(2,267)
2027	401,394	(10,647)	236
2028	-	(9,391)	(1,932)
Thereafter	-	-	(3,057)
Total	<u>\$ 1,199,796</u>	<u>\$ (189,199)</u>	<u>\$ (8,727)</u>

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 12 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Actuarial Assumptions**

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

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

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

The long-term expected rate of return on ASRS plan investments was determined to be 7.00% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 12 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Discount Rate**

On June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**Sensitivity of the District's Proportionate Share of the ASRS Net Pension/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 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	Proportionate share of the net liability (asset)		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Pension	\$ 14,047,586	\$ 9,520,751	\$ 5,746,079
Health insurance premium benefit	(234,160)	(325,650)	(403,278)
Long-term disability	8,932	5,388	1,954

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

**Contributions Payable**

The District's accrued payroll and employee benefits included \$67,526 of outstanding pension and OPEB contributions payable to ASRS for the year ended June 30, 2023.

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 13 – RESTATEMENT OF BEGINNING FUND BALANCE**

At June 30, 2023, the District recorded a restatement of beginning fund balance within the General Fund and Special Projects Fund to correct an error for the recording of indirect costs charged to various federal grants. Additionally, the District recorded a restatement to correct an error in the recognition of expenditures within the Classroom Site Fund (Nonmajor Governmental Funds).

The effects of the restatement are as follows:

**Governmental Funds**

	Fund balance as previously stated	Expenditure adjustment	Fund balance as restated
General Fund	\$ 152,699	\$ (11,618)	\$ 141,081
Special Projects Fund	30,488	11,618	42,106
Adjacent Ways Fund	349,805	-	349,805
New School Facilities Fund	-	-	-
Nonmajor Governmental Funds	1,025,720	(94,275)	931,445
Total governmental funds	<u>\$ 1,558,712</u>	<u>\$ (94,275)</u>	<u>\$ 1,464,437</u>

**Governmental Activities**

	Net position as previously stated	Expenditure adjustment	Net position as restated
Governmental Activities	<u>\$ 9,574,225</u>	<u>\$ (94,275)</u>	<u>\$ 9,479,950</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF**  
**NET PENSION LIABILITY AND CONTRIBUTIONS**  
**COST SHARING PENSION PLAN**  
**YEAR ENDED JUNE 30, 2023**

**ARIZONA STATE RETIREMENT SYSTEM**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Reporting Fiscal Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.05833%	0.05120%	0.04748%	0.04728%	0.04772%	0.05250%	0.04799%	0.05087%	0.04513%
Proportionate share of the net pension liability	\$ 9,520,751	\$ 6,727,453	\$ 8,226,632	\$ 6,879,790	\$ 6,655,261	\$ 8,178,447	\$ 7,746,068	\$ 7,924,235	\$ 6,677,835
Covered payroll	\$ 7,109,503	\$ 5,773,733	\$ 5,773,733	\$ 5,032,129	\$ 4,755,367	\$ 5,141,865	\$ 4,310,811	\$ 4,676,483	\$ 4,050,112
Proportionate share of the net pension liability as a percentage of its covered payroll	133.92%	116.52%	142.48%	136.72%	139.95%	159.06%	179.69%	169.45%	164.88%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

**SCHEDULE OF CONTRIBUTIONS**

	Reporting Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,081,574	\$ 834,613	\$ 670,496	\$ 593,022	\$ 562,592	\$ 518,335	\$ 554,293	\$ 467,723	\$ 509,269
Contributions in relation to the actuarially determined contribution	1,081,574	834,613	670,496	593,022	562,592	518,335	554,293	467,723	509,269
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,215,905	\$ 7,109,503	\$ 5,773,733	\$ 5,179,231	\$ 5,032,129	\$ 4,755,367	\$ 5,141,865	\$ 4,310,811	\$ 4,676,483
Contributions as a percentage of covered payroll	11.74%	11.74%	11.61%	11.45%	11.18%	10.90%	10.78%	10.85%	10.89%

*See accompanying Notes to Required Supplementary Information*

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND – BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances -</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final to Actual</b>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 2,643,683	\$ (2,643,683)
Intergovernmental	-	-	7,459,744	(7,459,744)
Tuition	-	-	27,744	(27,744)
Investment earnings (loss)	-	-	(28,005)	28,005
Other	-	-	1,338	(1,338)
<b>Total Revenues</b>	-	-	10,104,504	(10,104,504)
<b>EXPENDITURES</b>				
Regular education:				
Instruction	5,161,752	4,113,545	4,145,563	(32,018)
Support services - students	210,800	116,656	164,077	(47,421)
Support services - instructional staff	63,000	88,058	92,033	(3,975)
Support services - general administration	278,100	328,948	316,287	12,661
Support services - school administration	625,200	648,472	647,947	525
Support services - business and other	676,200	574,916	566,533	8,383
Operations and maintenance of plant	1,136,200	1,402,493	1,365,549	36,944
Operation of noninstructional services	7,000	7,577	6,860	717
School sponsored cocurricular activities	-	3,783	3,783	-
School sponsored athletics	25,000	163,906	186,375	(22,469)
Total regular education:	8,183,252	7,448,354	7,495,007	(46,653)
Special education:				
Instruction	824,400	801,382	857,073	(55,691)
Support services - students	488,500	521,674	514,813	6,861
Support services - instructional staff	-	1,995	2,827	(832)
Total special education:	1,312,900	1,325,051	1,374,713	(49,662)
Pupil transportation:				
Student transportation services	740,000	911,217	792,939	118,278
K-3 reading program:				
Instruction	60,000	70,710	70,710	-
<b>Total Expenditures</b>	10,296,152	9,755,332	9,733,369	21,963
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(10,296,152)	(9,755,332)	371,135	(10,082,541)
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(71,000)	(71,000)
<b>NET CHANGE IN FUND BALANCE</b>	(10,296,152)	(9,755,332)	300,135	10,055,467
<b>Fund Balance - Beginning, as restated</b>	-	-	(355,528)	(355,528)
<b>Fund Balance - Ending</b>	\$ (10,296,152)	\$ (9,755,332)	\$ (55,393)	\$ 9,699,939

See accompanying Notes to Required Supplementary Information

**NADABURG UNIFIED SCHOOL DISTRICT NO. 81**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 2,202,638	\$ (2,202,638)
Investment earnings (loss)	-	-	(822)	822
<b>Total Revenues</b>	-	-	2,201,816	(2,201,816)
<b>EXPENDITURES</b>				
Regular education:				
Instruction	1,119,220	1,071,276	858,439	212,837
Support services - students	149,544	143,138	114,700	28,438
Support services - instructional staff	460,170	440,457	352,949	87,508
Support services - general administration	15,209	14,557	11,665	2,892
Support services - school administration	42,266	40,456	32,418	8,038
Support services - business and other	69,043	66,086	52,956	13,130
Operations and maintenance of plant	51,317	49,119	39,360	9,759
Operation of noninstructional services	30,099	28,810	23,086	5,724
Total regular education:	1,936,867	1,853,898	1,485,573	368,325
Special education:				
Instruction	342,341	327,676	262,575	65,101
Support services - students	18,018	17,246	13,820	3,426
Support services - instructional staff	3,317	3,175	2,544	631
Total special education:	363,676	348,098	278,939	69,159
Community services:				
Operation of noninstructional services	430,441	412,002	330,147	81,855
Pupil transportation:				
Student transportation services	82,048	78,534	62,931	15,603
<b>Total Expenditures</b>	2,813,033	2,692,531	2,157,590	534,941
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(2,813,033)	(2,692,531)	44,226	(1,666,875)
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(79,748)	(79,748)
<b>NET CHANGE IN FUND BALANCE</b>	(2,813,033)	(2,692,531)	(35,522)	2,657,009
<b>Fund Balance - Beginning, as restated</b>	-	-	42,106	42,106
<b>Fund Balance - Ending</b>	\$ (2,813,033)	\$ (2,692,531)	\$ 6,584	\$ 2,699,115

See accompanying Notes to Required Supplementary Information

**NADABURG UNIFIED SCHOOL DISTRICT NO. 43**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

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**NOTE 1 – AVAILABILITY OF PRIOR YEAR PENSION INFORMATION**

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

Information relating to the District's OPEB was omitted as the activity is not significant to the District.

**NOTE 2 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	General Fund				
	Total	Total	Other	Fund balance	
	Revenues	Expenditures	Financing	beginning of	Fund balance
			Sources and	year	end of year
			Uses		
Statement of revenues, expenditures and changes in fund balance	\$ 10,910,867	\$ 11,441,083	\$ 19,783	\$ 141,081	\$ (369,352)
Non-maintenance and operation activity included in the General Fund	(806,363)	(1,707,714)	(90,783)	(496,609)	313,959
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	\$ 10,104,504	\$ 9,733,369	\$ (71,000)	\$ (355,528)	\$ (55,393)

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**STATISTICAL SECTION  
(UNAUDITED)**

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

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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
2023	\$ 4,007,176	\$ 3,729,416	93.07%	\$ 3,729,416	93.07%
2022	4,588,201	4,527,097	98.67%	4,580,419	99.83%
2021	3,961,069	3,896,454	98.37%	3,902,572	98.52%
2020	3,353,648	3,087,218	92.06%	3,331,592	99.34%
2019	3,213,805	3,193,365	99.36%	3,193,365	99.36%
2018	3,333,766	3,324,414	99.72%	3,324,414	99.72%
2017	2,374,137	2,364,182	99.58%	2,364,182	99.58%
2016	2,564,373	2,545,003	99.24%	2,545,003	99.24%
2015	2,487,280	2,474,601	99.49%	2,474,601	99.49%
2014	2,872,377	2,864,795	99.74%	2,864,795	99.74%

**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, 2023**  
**(UNAUDITED)**

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Description	2022-23 Limited Assessed Value	As Percentage of District's Net Limited Value
Commercial, Industrial, Utilities and Mines	\$ 13,974,352	13.41%
Agricultural and Vacant	21,178,275	20.33%
Residential (Owner Occupied)	50,828,017	48.78%
Residential (Rental Occupied)	15,627,283	15.00%
Railroad	2,580,600	2.48%
	<u>\$ 104,188,527</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, 2023**  
**(UNAUDITED)**

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Description	2022-23 Net Full Cash Value	As Percentage of District's Net Full Cash Value
Commercial, Industrial, Utilities and Mines	\$ 15,043,970	9.55%
Agricultural and Vacant	39,321,722	24.97%
Residential (Owner Occupied)	75,959,687	48.24%
Residential (Rental Occupied)	23,758,099	15.09%
Railroad	3,366,568	2.14%
	<u>\$ 157,450,046</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, 2023**  
**(UNAUDITED)**

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Taxpayer	2022-23 Limited Property Value Assessed	Percentage of District's Net Secondary Assessed Valuation
Route 14 Investment Partners LLC	\$10,714,518	10.29%
Arizona Public Service Company	6,520,981	6.26%
Bnsf Railway Company	2,580,600	2.48%
Mci Communications Services Inc.	2,012,281	1.93%
Southwest Gas Corporation (T&D)	989,299	0.95%
Infinity Capital Golf Resources LLC	305,299	0.29%
Carioca Company	284,980	0.27%
Apple Computer Inc.	280,461	0.27%
Luis Elena Management LLC	237,396	0.23%
Richmond American Homes of Arizona Inc.	223,543	0.21%
Totals:	<u>\$ 24,149,358</u>	<u>23.18%</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.