
Nogales Unified School District No. 1

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



310 West Plum Street ▪ Nogales, Arizona 85621-2611

Nogales Unified School District No. 1

Nogales, Arizona

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023**

Issued by:
Business and Finance Department

Nogales Unified School District No. 1

Table of Contents

<u>Introductory Section</u>	<u>Page</u>
Letter of Transmittal	1
ASBO Certificate of Excellence	8
GFOA Certificate of Achievement	9
Organizational Chart	10
List of Principal Officials	11
<u>Financial Section</u>	
Independent Auditor's Report	15
Management's Discussion and Analysis (MD&A)	21
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	35
Fund Financial Statements:	
Balance Sheet – Governmental Funds	38
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	41
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	44
Notes to Financial Statements	45
Required Supplementary Information	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	68
Federal and State Grants	69
Food Service	70
Pension Schedules	72
Notes to Required Supplementary Information	74
Combining and Individual Fund Financial Statements and Schedules	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds	82
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Classroom Site	84
Instructional Improvement	85
Other Special Revenue	86
Adjacent Ways	87
Other Capital Projects	88

Nogales Unified School District No. 1

Table of Contents

<u>Statistical Section</u>	<u>Page</u>
Financial Trends:	
Net Position by Component	91
Expenses, Program Revenues, and Net (Expense)/Revenue	92
General Revenues and Total Changes in Net Position	94
Fund Balances – Governmental Funds	96
Governmental Funds Revenues	98
Governmental Funds Expenditures and Debt Service Ratio	100
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	102
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	103
Net Full Cash Assessed Value of Taxable Property by Class	104
Property Tax Assessment Ratios	105
Direct and Overlapping Property Tax Rates	106
Principal Property Taxpayers	107
Property Tax Levies and Collections	108
Debt Capacity:	
Outstanding Debt by Type	109
Direct and Overlapping Governmental Activities Debt	110
Direct and Overlapping General Bonded Debt Ratios	110
Legal Debt Margin Information	111
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	112
Principal Employers	113
Operating Information:	
Full-Time Equivalent District Employees by Type	114
Operating Statistics	116
Capital Assets Information	117

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Introductory Section

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Nogales Unified School District No. 1



December 22, 2023

Citizens and Governing Board
Nogales Unified School District No. 1
310 W. Plum Street
Nogales, AZ 85621

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Nogales Unified School District No. 1 (District) for the fiscal year ended June 30, 2023.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

310 W. PLUM STREET * NOGALES * ARIZONA * 85621
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The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Report.

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

District Profile 2022-23

Overview:

Nogales Unified School District (NUSD) is one of five public school districts located within Santa Cruz County, Arizona. It provides a program of public education from special education pre-school through grade 12, and as an entity is the largest single employer within the city limits of Nogales.

NUSD has ten campuses: six elementary schools, two middle schools, a comprehensive high school, and a small high school blend of direct instruction with a focus on online coursework. In addition, the District has added an eleventh school, NUSD Online, which serves students in K-12 solely through remote learning. The District as a whole educated 5,689 students on the 100th day January 24, 2023, from pre-kinder through high school, with projected enrollment of 5,750 for fiscal year 2024. In fiscal year 2021 NUSD also expanded its online school to include students in kindergarten through fifth grade and NUSD Online now offers remote services to K-12 students. The students who qualify as homeless based on the determination that the family is "doubling up" and living with another family also increased about 15 percent from fiscal year 2022, due in part to the economic impact of the Covid pandemic and the closure of many local businesses.

For 2022-23, the District employed 305 certified staff, 22 administrators, and 207 classified personnel for a total of 534, 18 less than the previous year.

School Board:

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

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

In January of fiscal year 23 President Manual Ruiz, Clerk Greg Lucero, and members Robert Rojas, Cesar Lopez, and Patricia Muñozcano, filled the Board positions.

Fiscal Reporting:

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

The District maintains budgetary controls as an integral part of its overall system of internal controls. The objective of these budgetary controls is to ensure compliance with legal provisions included in the annual expenditure budget adopted by the District's Governing Board. The annual expenditure budget also serves as the foundation for the District's financial planning and control. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total adopted expenditure budget. Arizona Revised Statutes permits the adopted expenditure budget to be revised annually. The District additionally exercises management control and oversight of the budget at the fund level. The District may have overexpenditures of budgeted funds as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented.

Hiring Practices:

As required by state mandates, NUSD makes every effort to employ appropriately certified teachers. There have been numerous changes to the requirements for teacher certification, including expanding the years the certificate covers. The ability to hire Emergency Certified teachers who then have three years to complete their certification as well as long-term substitutes allowed NUSD to fill all classroom positions in fiscal year 2023.

Student Profile:

More than 98 percent of all students entering NUSD list Hispanic or another minority as their ethnicity, and the vast majority are not fluent English speakers when entering the system, whether that is at the kindergarten level or later along in their educational years. The majority of students come from high poverty homes and with a double-digit unemployment rate in Santa Cruz County, many rely on social services to meet their basic needs. NUSD has an almost equal number of male and female students ranging in age from three years old (exceptional pre-school) to 21 years old.

It is not unusual to have students who are older than traditional students are at a certain grade level because many enter without the ability to speak English and therefore are placed in a lower grade to help in mastering the state standards. While some students who come from Mexico may have had an excellent education there, a significant portion did not go to school in Mexico beyond the grammar school years. In addition to those from Mexico who have established residency in the District, NUSD had seven students from Mexico who have student visas and paid tuition to attend a NUSD school.

Meeting State Mandates:

For fiscal year 23 the District has continued to implement the revised English Language Learner (ELL) models to meet the requirement that students who are not fluent in English receive up to two hours of instruction in English each day. Many English Language Learners (ELLs) remain an academic challenge to the District. The new state assessment Arizona's Academic Standards Assessment (AASA) took effect in the fiscal year 2021. The Arizona Dept. of Education mandated that students in grades 3-8 take the AASA in English Language Arts and math in the spring of 2022. This practice continued in spring 2023.

NUSD relies on federal and state grants to supplement personnel, supplies, and professional development beyond that provided by Maintenance and Operation funding. In fiscal year 2022 grant funding such as ESEA, IDEA, and Title III overall was down from fiscal year 2021. However, under the CARES Act, NUSD received funding in fiscal year 2023 in several grants. ESSER 1 ended in fiscal year 2022 with NUSD spending every cent of the of \$1,864,660 allocation so there were no funds from ESSER 1 in fiscal year 2023. However, there was a continuation of ESSER II first issued in fiscal year 2021 for \$7,676,098; and a continuation of ESSER III approved in October 2021 of \$17,374.993 for expenditures in fiscal year 2023. Also in fiscal year 2022, NUSD received four American Rescue Plan (ARP) grants: ARP IDEA for \$246,492.72; ARP Preschool for 18,416.46; ARP Homeless 1 of \$82,145.60; and ARP Homeless II for \$104,021.16. These are two-year grants and funding not spent in FY22 carried over into FY23.

Facilities:

The average age of school buildings is 34.35 years. The District received almost \$40,000 from the State Facilities Board for facilities' improvements, including front entry automatic door replacements, power locks, and an intercom system.

Factors Affecting Financial Conditions:

The single greatest factor influencing the financial condition of NUSD in fiscal year 2022 was the ongoing focus on mitigating learning loss. Enrollment did increase in fiscal year 2023 but was still under pre-pandemic levels by about 159 students. Fortunately, the ESSER CARES Act that provided funding as described above, more than made up for the funding loss from the reduction of enrollment.

The continuation override secures funding for five years after passage. The District was successful in the November 2019 election on a proposition to increase the amount from 6.39 percent to 8 percent. That passage is paying for increases in signing bonuses for both certified and classified personnel as well as an increase in student meal funding for away activities.

NUSD is a significant contributor to the local economy. Whenever possible, NUSD purchases supplies and services locally in order to support the community's economy. A total of approximately \$45.4 million from local, state, and federal monies was allocated to salaries and benefits. The District operated under a fiscal year 2023 Maintenance and Operation budget of \$44.203 million. The overall budget for the District for fiscal year 2023 was \$76.086 million.

Overview of Nogales:

The jobless rate for Santa Cruz County for August 2022 was just under 10 percent, the second highest in the state. However, that rate only reflects the percent looking for work. Several businesses, particularly in the downtown area that is adjacent to the border with Mexico remain closed, and both the tourist and business trades declined sharply.

The population of Nogales remains stagnant. In March 2023, the census listed the population of the City at 19,684, just 25 residents higher than in 2022. The latest census showed that 5.6% of the population was under five years of age, 29.1% under 18, and 16.9 % 65 years or over. There were 94.5% Hispanic or Latino, 1.4% Black or African American, 1.7% Asian, 1.6% two or more races, and 3.3% white alone, not Hispanic or Latino.

Statistics for fiscal year 2023 listed the average household income for fiscal year 2023 at \$52,584, slightly higher than that of \$50,393 in fiscal year 2022. The poverty rate for fiscal year 2023 was 28.2%.

The medium age of those living in the city is 29.8 years, compared to a national average of 35.3. The average household size, according to the latest official census information, is 3.98, compared to a national average of 2.63. However, due to economic conditions and other factors, it is common to have more than one family living together. This information was most likely not reported to census workers. Only 63 percent of the residents have a high-school diploma, compared to the current average in Arizona of 85 percent. The census also reported that 10.9 percent had a Bachelor's degree, compared to 26 percent in the state as a whole.

Almost 12 percent of local employees who continue to work, do so for governmental or health organizations. However, like most of the rest of the country, Santa Cruz County and Nogales in particular have suffered a tremendous job loss over the past 10 years and unlike other areas in the state, even prior to COVID-19, has not enjoyed a resurgence in employment. Several major stores, restaurants, and establishments have closed, as have numerous small family-owned businesses.

Other interesting statistics for the City of Nogales directly impact affect the school district. These include the following findings from Census Bureau surveys and other official entities:

- More than 41 percent of the residents are foreign born
- Population density is below state averages for cities
- Low-income obesity rate for preschoolers was 15.8 percent compared to a state average of 14.2 percent.

Leadership

In January 2023, the District operated under the leadership of Superintendent Fernando Parra for the eighth year in a row. The Leadership Team for the District for fiscal year 2023 consisted of Superintendent Parra, Assistant Superintendent Angelina Canto, Finance Director Clementina Carlyle, H.R. Director Mayra Zuniga, Student Services Director Judith Mendoza Jimenez, Grants Director Kathy Scott, and Technology Director Alex Lopez.

Impact of COVID-19 in FY23

While schools remained opened for all of fiscal year 2023, COVID-19 continued to have an impact. Sanitation practices established after fiscal year 2021 were followed. Wednesdays were early-release days so that all sites could have a thorough cleaning while the staff attended professional development outside their classrooms. Extended-day learning continued to mitigate the learning loss through additional tutoring opportunities. Summer school opportunities for K-12 were lengthened by adding hours and days to the program. The Exceptional Students Services Department expanded its summer program by two weeks.

Technology

One area the District was able to enhance in fiscal year 2023 is its technology. All teachers have access to Power School, an Internet-based system that allows for recording of attendance and grades. Parents can access the system as often as they like to view the progress of their children throughout a grading quarter rather than waiting until progress or report cards are mailed home. The District now has wireless access at all sites, opening up many more opportunities for Internet use within classrooms. The telephone system is also tied directly to a server, and one feature is that during an emergency, information can be shared to every single person and office with a telephone, which is virtually almost every educator in the District. Thanks in part to CARES funding through the ESSER grant and other federal grants, the District was able to purchase additional computing devices and the District now enjoys close to a one-to-one computing device ratio.

Going Forward

As mentioned earlier, the District is constantly looking for ways to attract and retain qualified educators. In an effort to improve recruitment and retention of math, science, and special education teachers, the District offers an incentive bonus of \$5,000 to appropriately certified teachers in these three areas. It is worth mentioning that almost every district in Arizona experiences difficulty in attracting and retaining properly certified teachers not only in the hard-to-recruit areas, but also even in areas such as English, social studies, physical education, elementary education, and counseling. The District is now competing with urban districts for these candidates, and studies have shown that fewer high-school graduates are entering college seeking education degrees than ever before. This combination means NUSD still depends on Emergency Certified Teachers and long-term substitutes to fill some positions.

Awards and Acknowledgment

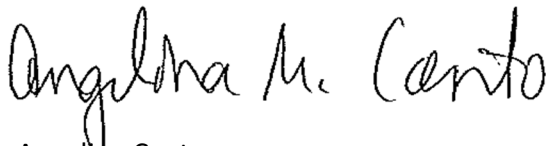
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the twenty-eighth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2023 certificates.

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

The preparation of all the financial records, tracking of accounts, and meeting of state and federal financial mandates would not be possible without the cooperation and input from all NUSD departments.

Respectfully submitted,



Angelina Canto
Superintendent



Clementina Carlyle
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Nogales Unified School District 1

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

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Nogales Unified School District No. 1
Arizona**

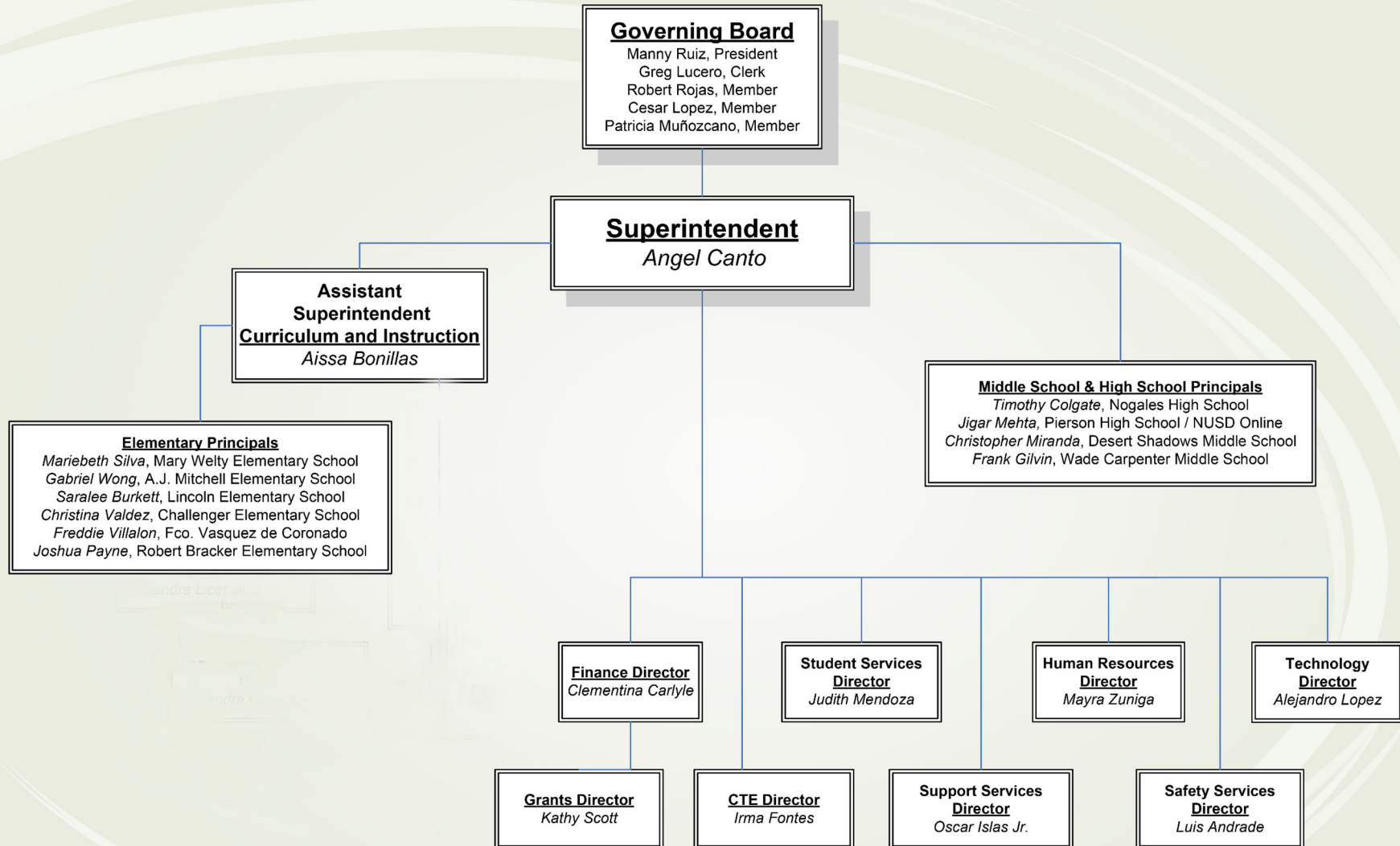
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

NUSD #1 ADMINISTRATION 2022-2023



Revised June 2023

Nogales Unified School District No. 1

List of Principal Officials

Governing Board

Manuel Ruiz, President

Greg Lucero, Clerk

Cesar Lopez, Member

Robert Rojas, Member

Patricia Muñozcano, Member

Administrative Staff

Angelina Canto, Superintendent

Aissa Celeste Bonillas, Assistant Superintendent for Operations/Curriculum and Instruction

Irma Fontes, CTE Director

Clementina Carlyle, Finance Director

Kathy Scott, Grants Director

Mayra Zuniga, Human Resources Director

Luis Andrade, Safety Services Director

Judith Mendoza-Jimenez, Student Services Director

Oscar Islas, Jr., Support Services Director

Alex Lopez, Technology Director

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Financial Section

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Independent Auditor's Report

Governing Board
Nogales Unified School District No. 1

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nogales Unified School District No. 1 (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nogales Unified School District No. 1, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Nogales Unified School District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of Nogales Unified School District No. 1'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 the Nogales Unified School District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nogales Unified School District No. 1's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 22, 2023

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**Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)**

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Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

As management of the Nogales Unified School District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The District's total net position of governmental activities increased \$9.8 million which represents a 35 percent increase from the prior fiscal year as a result of an increase in unrestricted state aid.
- General revenues accounted for \$48.2 million in revenue, or 71 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$20.2 million or 29 percent of total current fiscal year revenues.
- The District had approximately \$58.6 million in expenses related to governmental activities, an increase of two percent from the prior fiscal year.
- Among major funds, the General Fund had \$43.9 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$37.9 million in expenditures. The General Fund's fund balance increase from \$23.7 million at the prior fiscal year end to \$30.1 million at the end of the current fiscal year was primarily due to an increase in unrestricted state aid.

Overview of Financial Statements

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

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

Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows 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 in 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 compensated absences).

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing 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.

Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements

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, Federal and State Grants, and Food Service Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$38.2 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. The District had no related debt. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors, however as discussed below, this balance is in a deficit position.

Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	As of June 30, 2023	As of June 30, 2022
Current assets	\$ 39,972,180	\$ 33,646,491
Capital assets, net	38,858,978	35,667,476
Total assets	<u>78,831,158</u>	<u>69,313,967</u>
Deferred outflows	<u>6,025,557</u>	<u>8,803,742</u>
Current liabilities	2,624,677	3,948,707
Long-term liabilities	<u>42,952,591</u>	<u>35,524,150</u>
Total liabilities	<u>45,577,268</u>	<u>39,472,857</u>
Deferred inflows	<u>1,036,593</u>	<u>10,241,433</u>
Net position:		
Investment in capital assets	38,858,978	35,667,476
Restricted	7,009,440	10,838,025
Unrestricted	<u>(7,625,564)</u>	<u>(18,102,082)</u>
Total net position	<u>\$ 38,242,854</u>	<u>\$ 28,403,419</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$7.6 million as a result of unfunded pension liability. Positive net position was reported in the other two categories.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following are significant current year transactions that had an impact on the Statement of Net Position.

- The increase of \$7.9 million in pension liabilities and decrease of \$9.2 million in pension deferred inflows of resources.
- The addition of \$5.4 million in capital assets through school improvements and purchases of vehicles, furniture, and equipment.
- The depreciation of existing assets resulting in the addition of \$2.2 million in accumulated depreciation.
- The principal retirement of \$374,319 of financed purchases.

Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

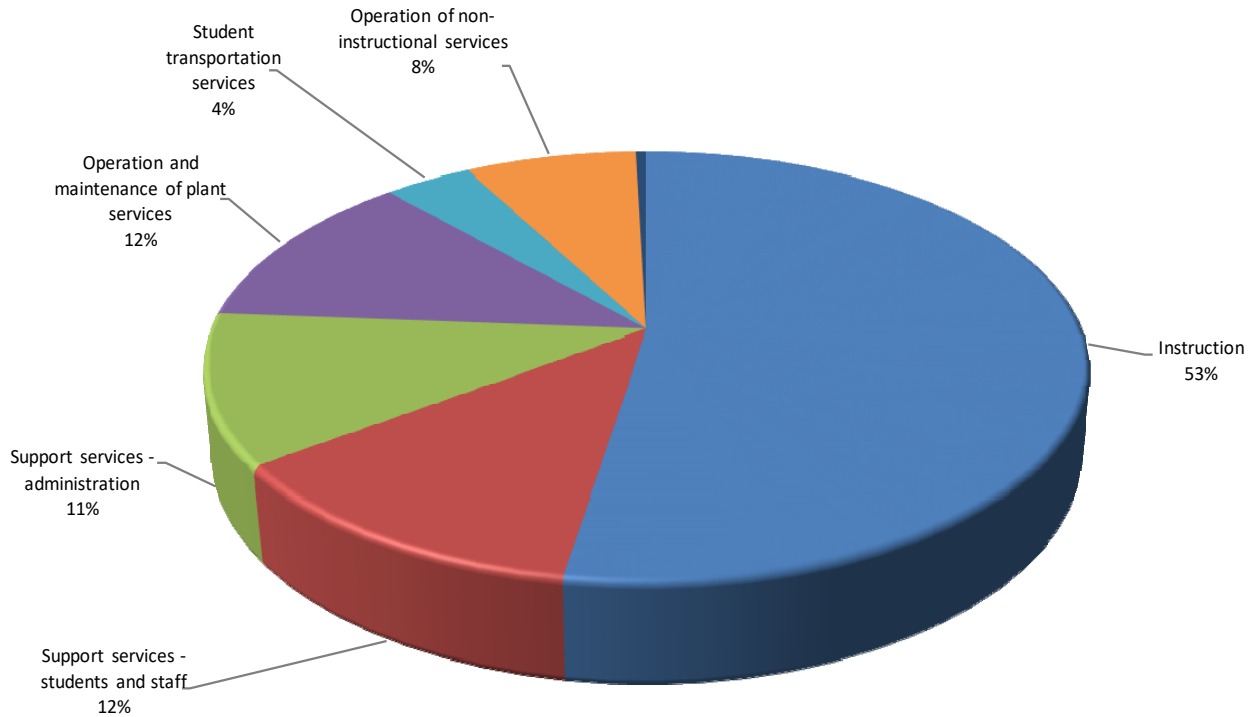
Changes in net position. The District's total revenues for the current fiscal year were \$68.4 million. The total cost of all programs and services was \$58.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
Revenues:		
Program revenues:		
Charges for services	\$ 1,645,393	\$ 1,836,301
Operating grants and contributions	14,358,942	15,806,098
Capital grants and contributions	4,150,040	3,865,154
General revenues:		
Property taxes	7,269,917	7,165,192
Investment income	199,708	4,152
Unrestricted county aid		970,460
Unrestricted state aid	40,619,259	34,900,880
Unrestricted federal aid	155,827	283,210
Total revenues	68,399,086	64,831,447
Expenses:		
Instruction	30,755,397	31,139,387
Support services - students and staff	7,248,558	6,856,690
Support services - administration	6,607,636	5,786,557
Operation and maintenance of plant services	7,100,016	7,061,390
Student transportation services	2,237,833	2,152,870
Operation of non-instructional services	4,363,159	4,106,202
Interest on long-term debt	247,052	247,052
Total expenses	58,559,651	57,350,148
Changes in net position	9,839,435	7,481,299
Net position, beginning	28,403,419	20,922,120
Net position, ending	\$ 38,242,854	\$ 28,403,419

**Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023**

Government-Wide Financial Analysis

Expenses - Fiscal Year 2023



The following is a significant current year transaction that has had an impact on the change in net position.

- Unrestricted state aid increased by \$5.7 million as a result of additional state equalization.

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

Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 30,755,397	\$ (21,228,672)	\$ 31,139,387	\$ (19,820,186)
Support services - students and staff	7,248,558	(5,269,829)	6,856,690	(3,717,708)
Support services - administration	6,607,636	(6,459,370)	5,786,557	(5,340,251)
Operation and maintenance of plant services	7,100,016	(3,618,500)	7,061,390	(5,949,886)
Student transportation services	2,237,833	(2,173,987)	2,152,870	(2,090,778)
Operation of non-instructional services	4,363,159	345,082	4,106,202	1,076,214
Interest on long-term debt	247,052		247,052	
Total	\$ 58,559,651	\$ (38,405,276)	\$ 57,350,148	\$ (35,842,595)

- The cost of all governmental activities this year was \$58.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$20.2 million.
- Net cost of governmental activities of \$38.4 million was financed by general revenues, which are made up of primarily property taxes of \$7.3 million and state aid of \$40.6 million.

Financial Analysis of the District's Funds

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$36.5 million, an increase of \$9.0 million due primarily to an increase in unrestricted state aid.

Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Financial Analysis of the District's Funds

The General Fund comprises 82 percent of the total fund balance. Approximately \$26.5 million, or 88 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$6.4 million to \$30.1 million as of fiscal year end due to additional state aid. General Fund revenues increased \$4.7 million as a result of additional state equalization assistance. General Fund expenditures increased \$1.9 million as a result of a paving project and the purchase of vehicles.

The Federal and State Grants Fund's fund balance increased from a deficit of \$1.1 million to \$313,758 at fiscal year end as a result of the timing of grant reimbursements. Fund revenues decreased \$2.6 million and expenditures decreased \$3.8 million as a result of a decrease in COVID-19 federal relief grants received.

The Food Service Fund's fund balance increased from \$2.1 million to \$3.0 million at fiscal year end. Food Service Fund revenues decreased \$531,019 and expenditures increased \$100,582.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$1.2 million increase, or three percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant favorable variance of \$9.6 million in support services-administration was a result of an ultra conservative budget.

**Nogales Unified School District No. 1
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2023**

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$94.7 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$5.4 million from the prior fiscal year primarily due to building improvements and vehicles. Total depreciation expense for the current fiscal year was \$2.2 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2023 and June 30, 2022.

	As of June 30, 2023	As of June 30, 2022
Capital assets - non-depreciable	\$ 8,408,773	\$ 4,992,858
Capital assets - depreciable, net	30,450,205	30,674,618
Total	\$ 38,858,978	\$ 35,667,476

The estimated cost to complete current construction projects is \$5.5 million. Additional information on the District’s capital assets can be found in Note 6.

Debt Administration. The District’s general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$46.1 million and the Class B debt limit is \$30.7 million. At fiscal year end, the District had no outstanding general obligation debt.

The District has \$2.6 million of obligations under financed purchases outstanding at year end, \$374,319 due within one year. Additional information on the District’s long-term debt can be found in Notes 8 and 9.

**Nogales Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023**

Economic Factors and Next Year's Budget and Rates

Many factors were considered by the District's administration during the process of developing the fiscal year 2023-24 budget. Among them:

- Fiscal year 2022-23 budget balance carry forward (estimated \$9.5 million).
- District student population (estimated 5,319).

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

Budgeted expenditures in the General Fund increased 18 percent to \$52.1 million in fiscal year 2023-24 due to an increase in the legislative base level amount per student. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2023-24 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Nogales Unified School District No. 1, 310 West Plum Street, Nogales, Arizona 85621.

Basic Financial Statements

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Government-Wide Financial Statements

Nogales Unified School District No. 1
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 24,507,443
Property taxes receivable	440,471
Accounts receivable	6,863
Due from governmental entities	11,224,645
Prepaid items	3,331,824
Inventory	460,934
Total current assets	39,972,180
Noncurrent assets:	
Capital assets not being depreciated	8,408,773
Capital assets, net accumulated depreciation	30,450,205
Total noncurrent assets	38,858,978
Total assets	78,831,158
 Deferred outflows of resources	
Pension plan items	6,025,557
 Liabilities	
Current liabilities:	
Accounts payable	2,201,134
Accrued payroll and employee benefits	268,283
Unearned revenues	155,260
Compensated absences payable	559,253
Financed purchases payable	374,319
Total current liabilities	3,558,249
Noncurrent liabilities:	
Non-current portion of long-term obligations	42,019,019
Total noncurrent liabilities	42,019,019
Total liabilities	45,577,268
 Deferred inflows of resources	
Pension plan items	1,036,593
 Net position	
Investment in capital assets	38,858,978
Restricted for:	
Instruction	3,969,174
Food service	2,993,558
Non-instructional purposes	40,635
Capital outlay	6,073
Unrestricted	(7,625,564)
Total net position	\$ 38,242,854

Nogales Unified School District No. 1
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Governmental activities					
Instruction	\$ 30,755,397	\$ 1,136,161	\$ 6,875,189	\$ 1,515,375	\$ (21,228,672)
Support services - students and staff	7,248,558		1,978,729		(5,269,829)
Support services - administration	6,607,636		148,266		(6,459,370)
Operation and maintenance of plant services	7,100,016	73,594	773,257	2,634,665	(3,618,500)
Student transportation services	2,237,833		63,846		(2,173,987)
Operation of non-instructional services	4,363,159	435,638	4,272,603		345,082
Interest on long-term debt	247,052		247,052		
Total governmental activities	<u>\$ 58,559,651</u>	<u>\$ 1,645,393</u>	<u>\$ 14,358,942</u>	<u>\$ 4,150,040</u>	<u>(38,405,276)</u>
General revenues					
Property taxes					7,269,917
Investment income					199,708
Unrestricted state aid					40,619,259
Unrestricted federal aid					155,827
Total general revenues					<u>48,244,711</u>
Changes in net position					9,839,435
Net position, beginning of year					<u>28,403,419</u>
Net position, end of year					<u>\$ 38,242,854</u>

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Fund Financial Statements

Nogales Unified School District No. 1
Balance Sheet
Governmental Funds
June 30, 2023

	Federal and State			Non-Major
	General	Grants	Food Service	Governmental Funds
Assets				
Cash and investments	\$ 18,774,129	\$	\$ 3,144,522	\$ 2,588,792
Property taxes receivable	440,471			
Accounts receivable				6,863
Due from governmental entities	6,891,047	3,118,227	189,393	1,025,978
Due from other funds	1,343,642			
Prepaid items	3,331,824			
Inventory	262,701		198,233	
Total assets	<u>\$ 31,043,814</u>	<u>\$ 3,118,227</u>	<u>\$ 3,532,148</u>	<u>\$ 3,621,633</u>
Liabilities				
Accounts payable	\$ 439,764	\$ 730,592	\$ 538,590	\$ 492,188
Due to other funds		1,343,642		
Accrued payroll and employee benefits	152,457	115,826		
Unearned revenues		155,260		
Total liabilities	<u>592,221</u>	<u>2,345,320</u>	<u>538,590</u>	<u>492,188</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	339,371			
Unavailable revenues - intergovernmental		459,149		
Total deferred inflows of resources	<u>339,371</u>	<u>459,149</u>		
Fund balances				
Nonspendable	3,594,525		198,233	
Restricted		313,758	2,795,325	3,242,975
Unassigned	26,517,697			(113,530)
Total fund balances	<u>30,112,222</u>	<u>313,758</u>	<u>2,993,558</u>	<u>3,129,445</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,043,814</u>	<u>\$ 3,118,227</u>	<u>\$ 3,532,148</u>	<u>\$ 3,621,633</u>

**Total
Governmental
Funds**

\$ 24,507,443
440,471
6,863
11,224,645
1,343,642
3,331,824
460,934
\$ 41,315,822

\$ 2,201,134
1,343,642
268,283
155,260
3,968,319

339,371
459,149
798,520

3,792,758
6,352,058
26,404,167
36,548,983

\$ 41,315,822

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Nogales Unified School District No. 1
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds **\$ 36,548,983**

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 94,668,350	
Less accumulated depreciation/amortization	<u>(55,809,372)</u>	
		38,858,978

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Property taxes	339,371	
Intergovernmental	<u>459,149</u>	
		798,520

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	6,025,557	
Deferred inflows of resources related to pensions	<u>(1,036,593)</u>	
		4,988,964

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

Compensated absences payable	(979,479)	
Financed purchases payable	(2,620,237)	
Net pension liability	<u>(39,352,875)</u>	
		<u>(42,952,591)</u>

Net position of governmental activities **\$ 38,242,854**

Nogales Unified School District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Federal and State			Non-Major
	General	Grants	Food Service	Governmental Funds
Revenues				
Other local	\$ 818,613	\$	\$ 454,927	\$ 1,534,137
Property taxes	7,276,458			
State aid and grants	35,657,202	754,345		7,603,848
Federal aid, grants and reimbursements	155,827	11,051,171	4,196,676	253,915
Total revenues	<u>43,908,100</u>	<u>11,805,516</u>	<u>4,651,603</u>	<u>9,391,900</u>
Expenditures				
Current:				
Instruction	17,580,543	5,197,302		4,609,219
Support services - students and staff	4,013,023	2,478,317		484,842
Support services - administration	5,668,748	233,544		84,721
Operation and maintenance of plant services	5,792,748	825,436		8,050
Student transportation services	1,715,611	103,660		35,311
Operation of non-instructional services	393,035	123,275	3,726,510	5,000
Capital outlay	2,758,726	725,364	42,651	3,522,360
Debt service:				
Principal retirement				374,319
Interest and fiscal charges				247,052
Total expenditures	<u>37,922,434</u>	<u>9,686,898</u>	<u>3,769,161</u>	<u>9,370,874</u>
Excess (deficiency) of revenues over expenditures	<u>5,985,666</u>	<u>2,118,618</u>	<u>882,442</u>	<u>21,026</u>
Other financing sources (uses)				
Transfers in	770,259			374,319
Transfers out	(374,319)	(751,344)	(18,915)	
Proceeds from sale of capital assets	41,931			
Total other financing sources (uses)	<u>437,871</u>	<u>(751,344)</u>	<u>(18,915)</u>	<u>374,319</u>
Changes in fund balances	<u>6,423,537</u>	<u>1,367,274</u>	<u>863,527</u>	<u>395,345</u>
Fund balances, beginning of year	<u>23,688,685</u>	<u>(1,053,516)</u>	<u>2,130,031</u>	<u>2,734,100</u>
Fund balances, end of year	<u>\$ 30,112,222</u>	<u>\$ 313,758</u>	<u>\$ 2,993,558</u>	<u>\$ 3,129,445</u>

**Total
Governmental
Funds**

\$ 2,807,677
7,276,458
44,015,395
15,657,589
69,757,119

27,387,064
6,976,182
5,987,013
6,626,234
1,854,582
4,247,820
7,049,101

374,319
247,052
60,749,367

9,007,752

1,144,578
(1,144,578)
41,931
41,931

9,049,683

27,499,300

\$ 36,548,983

Nogales Unified School District No. 1
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Changes in fund balances - total governmental funds **\$ 9,049,683**

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

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

Expenditures for capitalized assets	\$ 5,375,894	
Less current year depreciation/amortization	<u>(2,183,431)</u>	
		3,192,463

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(6,541)	
Intergovernmental	<u>(1,393,423)</u>	
		(1,399,964)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Financed purchase principal retirement	<u>374,319</u>	
		374,319

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	3,232,142	
Pension expense	<u>(4,664,160)</u>	
		(1,432,018)

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 governmental funds.

Loss on disposal of assets	(961)	
Compensated absences	<u>55,913</u>	
		<u>54,952</u>

Changes in net position in governmental activities **\$ 9,839,435**

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Nogales Unified School District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs. This Statement also requires a government to disclose essential information about the arrangement. The District's analysis of SBITAs in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

In addition, during the year the District consolidated individual reporting funds that were presented separately in the prior year financial statements. The consolidated funds include the Federal and State Grants Fund, Other Special Revenue Fund, and Other Capital Projects Fund.

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and athletic functions.

B. Government-Wide and Fund Financial Statements

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

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

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

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

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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

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

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

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund and the Unrestricted Capital Outlay Fund, as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Federal and State Grants – The Federal and State Grants Fund accounts for financial assistance received for federal and state grants and projects.

Food Service – The Food Service Fund accounts for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

D. Cash and Investments

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

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer’s investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds 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 withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

E. Investment Income

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

F. Receivables and Payables

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

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

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

H. Inventory

All inventories are valued at cost using the weighted average method. Inventories consist of expendable supplies held for consumption. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to-use assets are amortized over the shorter of the lease/subscription term or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Land improvements	5 – 50 years
Buildings and improvements	5 – 50 years
Vehicles, furniture and equipment	3 – 25 years

K. Deferred Outflows/Inflows 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.

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.

L. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

M. Pensions

For purposes of measuring the net pension liability, related deferred outflows of resources and deferred inflows of resources, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's 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.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

O. Interfund Activity

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

P. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Q. 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.

Note 2 – Fund Balance Classifications

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

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

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedure for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications

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

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

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

	<u>General</u>	<u>Federal and State Grants</u>	<u>Food Service</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 262,701	\$	\$ 198,233	\$
Prepaid items	3,331,824			
Restricted:				
Capital projects				6,073
Teacher compensation				2,369,271
Federal and state projects		313,758		
Food service			2,795,325	
Civic center				38,217
Community schools				1,596
Extracurricular activities				179,677
Gifts and donations				223,359
Student activities				399,407
Other purposes				25,375
Unassigned	<u>26,517,697</u>			<u>(113,530)</u>
Total fund balances	<u>\$ 30,112,222</u>	<u>\$ 313,758</u>	<u>\$ 2,993,558</u>	<u>\$ 3,129,445</u>

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balance – At year end, the Other Capital Projects Fund, a non-major governmental fund, reported a deficit of \$113,530 in fund balance. The deficit arose because of operations during the year and because of pending grant reimbursements. Additional revenues received in fiscal year 2023-24 are expected to eliminate the deficit.

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

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$1.0 million and the bank balance was \$1.6 million. At year end, \$870,552 of the District’s deposits were covered by collateral held by the pledging financial institution’s trust department or agent but not in the District’s name.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the County Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

At year end, the District’s investments consisted of the following:

	Average	Fair Value
County Treasurer’s investment pool	Less than a year	\$ 23,502,586

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 4 – Cash and Investments

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

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

Note 5 – Receivables

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

	General	Federal and State Grants	Food Service	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$ 3,935	\$ 3,054,392	\$ 189,393	\$
Due from state government	6,887,112	63,835		315,054
Due from other districts				710,924
Net due from governmental entities	<u>\$ 6,891,047</u>	<u>\$ 3,118,227</u>	<u>\$ 189,393</u>	<u>\$ 1,025,978</u>

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 6 – Capital Assets

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,905,313	\$ 12,000	\$	\$ 4,917,313
Construction in progress	87,545	3,403,915		3,491,460
Total capital assets, not being depreciated	<u>4,992,858</u>	<u>3,415,915</u>		<u>8,408,773</u>
Capital assets, being depreciated:				
Land improvements	1,602,650			1,602,650
Buildings and improvements	76,333,473	1,116,149		77,449,622
Vehicles, furniture and equipment	6,379,205	843,830	15,730	7,207,305
Total capital assets being depreciated	<u>84,315,328</u>	<u>1,959,979</u>	<u>15,730</u>	<u>86,259,577</u>
Less accumulated depreciation for:				
Land improvements	(1,337,064)	(49,744)		(1,386,808)
Buildings and improvements	(47,684,757)	(1,805,879)		(49,490,636)
Vehicles, furniture and equipment	(4,618,889)	(327,808)	(14,769)	(4,931,928)
Total accumulated depreciation	<u>(53,640,710)</u>	<u>(2,183,431)</u>	<u>(14,769)</u>	<u>(55,809,372)</u>
Total capital assets, being depreciated, net	<u>30,674,618</u>	<u>(223,452)</u>	<u>961</u>	<u>30,450,205</u>
Governmental activities capital assets, net	<u>\$ 35,667,476</u>	<u>\$ 3,192,463</u>	<u>\$ 961</u>	<u>\$ 38,858,978</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,682,805
Support services – students and staff	5,223
Support services – administration	101,742
Operation and maintenance of plant services	291,067
Student transportation services	64,203
Operation of non-instructional services	38,391
Total depreciation expense – governmental activities	<u>\$ 2,183,431</u>

Construction Commitments – At year end, the District had contractual commitments related to various building improvements. At year end the District had spent \$3.5 million on the projects and had estimated remaining contractual commitments of \$5.5 million. These projects are being funded by the School Facilities Oversight Board and CTED.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 7 – Short Term Debt – Revolving Line of Credit

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$1.0 million in unused line of credit.

Note 8 – Financed Purchases Payable

The District has acquired energy conservation upgrades under the provisions of a contract classified as a financed purchase payable. Revenues from the General Fund are transferred to the Other Capital Projects Fund, a non-major governmental fund, to pay the debt obligations when due. The District receives a federal interest subsidy to fund the interest payments for the District-wide energy project.

The contract was issued for energy management systems and improvements throughout all of the District’s schools, which were viewed as repair and maintenance. Therefore, there were no capital assets related to the contract.

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 374,319	\$ 247,052
2025	374,319	247,052
2026	374,319	247,052
2027	374,319	247,052
2028	374,319	247,052
2029-30	748,642	308,795
Total	\$ 2,620,237	\$ 1,544,055

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 9 – Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases payable	\$ 2,994,556	\$	\$ 374,319	\$ 2,620,237	\$ 374,319
Net pension liability	31,494,202	7,858,673		39,352,875	
Compensated absences payable	<u>1,035,392</u>	<u>543,343</u>	<u>599,256</u>	<u>979,479</u>	<u>559,253</u>
Total long-term liabilities	<u>\$ 35,524,150</u>	<u>\$ 8,402,016</u>	<u>\$ 973,575</u>	<u>\$ 42,952,591</u>	<u>\$ 933,572</u>

Note 10 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other fund – At year end, the Federal and State Grants Fund had a negative cash balance of \$1.3 million in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

Transfers out	Transfers in		
	General	Non-Major Governmental Funds	Total
General	\$	\$ 374,319	\$ 374,319
Federal and State Grants	751,344		751,344
Food Service	<u>18,915</u>		<u>18,915</u>
Total	<u>\$ 770,259</u>	<u>\$ 374,319</u>	<u>\$ 1,144,578</u>

Transfers between funds were used (1) to move federal grant funds restricted for indirect costs and (2) for the repayment of financed purchases principal.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 11 – Contingent Liabilities

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

Note 12 – Risk Management

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

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

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 dental and vision insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 13 – Pensions

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) plan, 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. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District’s financial statements.

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 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. 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 survivor benefit is determined by the retirement benefit option chosen. 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.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 13 – Pensions

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 current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2023 were \$3.2million.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 for retirement and 0.06 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District’s pension plan contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

Pension Liability. The net pension liability was measured as of June 30, 2022. The total liability used to calculate the 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, 2021. The District’s proportion of the net liability was based on the District’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2022.

At June 30, 2023, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2022, the District’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2020 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 39,352,875	0.241	0.009

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2023 was \$4.7 million.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 13 – Pensions

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 335,310	\$
Changes of assumptions or other inputs	1,953,159	
Net difference between projected and actual earnings on pension investments		1,036,593
Changes in proportion and differences between contributions and proportionate share of contributions	504,946	
Contributions subsequent to the measurement date	3,232,142	
Total	\$ 6,025,557	\$ 1,036,593

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2024	\$	2,303,043
2025		(405,568)
2026		(1,799,769)
2027		1,659,116

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 13 – Pensions

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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, excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	3.90%
Credit	20	5.30
Interest rate sensitive bonds	10	(0.20)
Real estate	20	6.00
Total	100%	

Discount Rate. The discount rate used to measure the total pension 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 plan’s 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

Nogales Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 13 – Pensions

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 58,063,997	\$ 39,352,875	\$ 23,750,722

Contributions payable. The District’s accrued payroll and employee benefits included \$52,899 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2023.

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Note 14 – Subsequent Event

On November 7, 2023, the District was authorized to issue bonds up to the amount of \$26 million. The main purpose for the bonds will be providing funding for the District to make necessary building and facility improvements, cover the costs of significant maintenance and upkeep on the District's aging buildings, and to provide funding for critical repairs to schools, improve safety and security, and make necessary changes to athletic facilities and fields.

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Required Supplementary Information

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2023

	Budget		Non-GAAP Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other local	\$	\$	\$ 475,682	\$ 475,682
Property taxes			6,956,157	6,956,157
State aid and grants			30,185,282	30,185,282
Total revenues			<u>37,617,121</u>	<u>37,617,121</u>
Expenditures				
Current:				
Instruction	18,054,538	18,164,350	17,378,259	786,091
Support services - students and staff	3,026,920	3,171,430	3,914,473	(743,043)
Support services - administration	14,466,841	14,634,173	4,985,056	9,649,117
Operation and maintenance of plant services	5,690,605	6,202,200	5,693,771	508,429
Student transportation services	1,470,935	1,753,000	1,715,611	37,389
Operation of non-instructional services	257,006	277,500	340,918	(63,418)
Total expenditures	<u>42,966,845</u>	<u>44,202,653</u>	<u>34,028,088</u>	<u>10,174,565</u>
Excess (deficiency) of revenues over expenditures	<u>(42,966,845)</u>	<u>(44,202,653)</u>	<u>3,589,033</u>	<u>47,791,686</u>
Other financing sources (uses)				
Transfers out			(374,319)	(374,319)
Total other financing sources (uses)			<u>(374,319)</u>	<u>(374,319)</u>
Changes in fund balances	<u>(42,966,845)</u>	<u>(44,202,653)</u>	<u>3,214,714</u>	<u>47,417,367</u>
Fund balances, beginning of year			<u>10,851,074</u>	<u>10,851,074</u>
Fund balances, end of year	<u>\$ (42,966,845)</u>	<u>\$ (44,202,653)</u>	<u>\$ 14,065,788</u>	<u>\$ 58,268,441</u>

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State aid and grants	\$	\$	\$ 754,345	\$ 754,345
Federal aid, grants and reimbursements			11,051,171	11,051,171
Total revenues			<u>11,805,516</u>	<u>11,805,516</u>
Expenditures				
Current:				
Instruction	12,120,191	11,952,912	5,197,302	6,755,610
Support services - students and staff	5,779,475	5,699,708	2,478,317	3,221,391
Support services - administration	544,628	537,112	233,544	303,568
Operation and maintenance of plant services	1,924,930	1,898,363	825,436	1,072,927
Student transportation services	241,737	238,400	103,660	134,740
Operation of non-instructional services	287,479	283,512	123,275	160,237
Capital outlay	1,691,560	1,668,214	725,364	942,850
Total expenditures	<u>22,590,000</u>	<u>22,278,221</u>	<u>9,686,898</u>	<u>12,591,323</u>
Excess (deficiency) of revenues over expenditures	<u>(22,590,000)</u>	<u>(22,278,221)</u>	<u>2,118,618</u>	<u>24,396,839</u>
Other financing sources (uses)				
Transfers out			(751,344)	(751,344)
Total other financing sources (uses)			<u>(751,344)</u>	<u>(751,344)</u>
Changes in fund balances	<u>(22,590,000)</u>	<u>(22,278,221)</u>	<u>1,367,274</u>	<u>23,645,495</u>
Fund balances, beginning of year			<u>(1,053,516)</u>	<u>(1,053,516)</u>
Fund balances, end of year	<u>\$ (22,590,000)</u>	<u>\$ (22,278,221)</u>	<u>\$ 313,758</u>	<u>\$ 22,591,979</u>

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 454,927	\$ 454,927
Federal aid, grants and reimbursements		4,196,676	4,196,676
Total revenues		<u>4,651,603</u>	<u>4,651,603</u>
Expenditures			
Current:			
Operation of non-instructional services	3,954,737	3,726,510	228,227
Capital outlay	45,263	42,651	2,612
Total expenditures	<u>4,000,000</u>	<u>3,769,161</u>	<u>230,839</u>
Excess (deficiency) of revenues over expenditures	<u>(4,000,000)</u>	<u>882,442</u>	<u>4,882,442</u>
Other financing sources (uses)			
Transfers out		(18,915)	(18,915)
Total other financing sources (uses)		<u>(18,915)</u>	<u>(18,915)</u>
Changes in fund balances	<u>(4,000,000)</u>	<u>863,527</u>	<u>4,863,527</u>
Fund balances, beginning of year		<u>2,130,031</u>	<u>2,130,031</u>
Fund balances, end of year	<u>\$ (4,000,000)</u>	<u>\$ 2,993,558</u>	<u>\$ 6,993,558</u>

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Nogales Unified School District No. 1
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
District's proportion of the net pension (assets) liability	0.24%	0.24%	0.23%	0.24%
District's proportionate share of the net pension (assets) liability	\$ 39,352,875	\$ 31,494,202	\$ 40,207,922	\$ 34,575,020
District's covered payroll	\$ 28,745,479	\$ 26,951,700	\$ 25,670,716	\$ 25,044,517
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	136.90%	116.85%	156.63%	138.05%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%

Schedule of Pension Contributions
Arizona State Retirement System
Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 3,232,142	\$ 3,452,333	\$ 3,139,873	\$ 2,939,297
Contributions in relation to the actuarially determined contribution	<u>3,232,142</u>	<u>3,452,333</u>	<u>3,139,873</u>	<u>2,939,297</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 27,115,285	\$ 28,745,479	\$ 26,951,700	\$ 25,670,716
Contributions as a percentage of covered payroll	11.92%	12.01%	11.65%	11.45%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.23%	0.23%	0.24%	0.24%	0.24%
\$ 32,528,772	\$ 35,860,673	\$ 38,110,526	\$ 36,722,665	\$ 36,176,767
\$ 23,153,440	\$ 22,331,679	\$ 22,252,378	\$ 21,672,332	\$ 22,007,561
140.49%	160.58%	171.26%	169.44%	164.38%
73.40%	69.92%	67.06%	68.35%	69.49%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,799,977	\$ 2,523,725	\$ 2,407,355	\$ 2,414,383	\$ 2,360,117
<u>2,799,977</u>	<u>2,523,725</u>	<u>2,407,355</u>	<u>2,414,383</u>	<u>2,360,117</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 25,044,517	\$ 23,153,440	\$ 22,331,679	\$ 22,252,378	\$ 21,672,332
11.18%	10.90%	10.78%	10.85%	10.89%

Nogales Unified School District No. 1
Notes to Required Supplementary Information
June 30, 2023

Note 1 – Budgetary Basis of Accounting

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

The following schedule reconciles expenditures and fund balances at the end of year:

	Total	Fund
	<u>Expenditures</u>	<u>Balances</u>
		<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 37,922,434	\$ 30,112,222
Activity budgeted as special revenue funds	(1,229,935)	(4,092,553)
Activity budgeted as capital projects funds	(2,187,032)	(8,831,220)
Current-year prepaid items	3,331,824	(3,331,824)
Prior-year prepaid items	(514,407)	
Employee insurance account	<u>(3,294,796)</u>	<u>209,163</u>
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	<u>\$ 34,028,088</u>	<u>\$ 14,065,788</u>

Note 2 – Pension Plan Schedules

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

**Combining and Individual
Fund Financial Statements and Schedules**

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Governmental Funds

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Non-Major Governmental Funds

Special Revenue Funds

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

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

Other Special Revenue Funds – to account for the revenues and expenditures of other special revenue activities, including the following: civic center, community school, extracurricular activities fees tax credit, and student activities.

Capital Projects Funds

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

Other Capital Projects Funds – to account for the revenues and expenditures of other capital projects activities, including the following: energy water and savings, and building renewal grant.

Nogales Unified School District No. 1
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	Classroom Site	Instructional Improvement	Other Special Revenue
Assets			
Cash and investments	\$ 1,765,518	\$ 325,421	\$ 186,756
Accounts receivable			6,863
Due from governmental entities		278,332	710,924
Total assets	\$ 1,765,518	\$ 603,753	\$ 904,543
Liabilities			
Accounts payable	\$	\$	\$ 36,912
Total liabilities			36,912
Fund balances			
Restricted	1,765,518	603,753	867,631
Unassigned			
Total fund balances	1,765,518	603,753	867,631
Total liabilities, deferred inflows of resources and fund balances	\$ 1,765,518	\$ 603,753	\$ 904,543

<u>Capital Projects Funds</u>		<u>Total Non-Major</u>
<u>Adjacent Ways</u>	<u>Other Capital</u>	<u>Governmental</u>
	<u>Projects</u>	<u>Funds</u>
\$ 6,073	\$ 305,024	\$ 2,588,792
		6,863
	36,722	1,025,978
<u>\$ 6,073</u>	<u>\$ 341,746</u>	<u>\$ 3,621,633</u>
\$	\$ 455,276	\$ 492,188
	455,276	492,188
6,073		3,242,975
	(113,530)	(113,530)
<u>6,073</u>	<u>(113,530)</u>	<u>3,129,445</u>
<u>\$ 6,073</u>	<u>\$ 341,746</u>	<u>\$ 3,621,633</u>

Nogales Unified School District No. 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		
	Classroom Site	Instructional Improvement	Other Special Revenue
Revenues			
Other local	\$ 17,228	\$ 3,226	\$ 1,513,637
State aid and grants	4,582,668	379,389	7,126
Federal aid, grants and reimbursements			6,863
Total revenues	4,599,896	382,615	1,527,626
Expenditures			
Current:			
Instruction	3,936,451	236,453	436,315
Support services - students and staff	248,645	3,791	232,406
Support services - administration			84,721
Operation and maintenance of plant services			8,050
Student transportation services			35,311
Operation of non-instructional services			5,000
Capital outlay			735,145
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	4,185,096	240,244	1,536,948
Excess (deficiency) of revenues over expenditures	414,800	142,371	(9,322)
Other financing sources (uses)			
Transfers in			
Total other financing sources (uses)			
Changes in fund balances	414,800	142,371	(9,322)
Fund balances, beginning of year	1,350,718	461,382	876,953
Fund balances, end of year	\$ 1,765,518	\$ 603,753	\$ 867,631

<u>Capital Projects Funds</u>		<u>Total Non-Major</u>
<u>Adjacent Ways</u>	<u>Other Capital</u>	<u>Governmental</u>
	<u>Projects</u>	<u>Funds</u>
\$ 46	\$	\$ 1,534,137
	2,634,665	7,603,848
	<u>247,052</u>	<u>253,915</u>
<u>46</u>	<u>2,881,717</u>	<u>9,391,900</u>
		4,609,219
		484,842
		84,721
		8,050
		35,311
		5,000
	2,787,215	3,522,360
	374,319	374,319
	<u>247,052</u>	<u>247,052</u>
	<u>3,408,586</u>	<u>9,370,874</u>
<u>46</u>	<u>(526,869)</u>	<u>21,026</u>
	374,319	374,319
	<u>374,319</u>	<u>374,319</u>
<u>46</u>	<u>(152,550)</u>	<u>395,345</u>
<u>6,027</u>	<u>39,020</u>	<u>2,734,100</u>
<u>\$ 6,073</u>	<u>\$ (113,530)</u>	<u>\$ 3,129,445</u>

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 17,228	\$ 17,228
State aid and grants			4,582,668	4,582,668
Total revenues			<u>4,599,896</u>	<u>4,599,896</u>
Expenditures				
Current:				
Instruction	5,715,955	5,755,681	3,936,451	1,819,230
Support services - students and staff		<u>325,000</u>	<u>248,645</u>	<u>76,355</u>
Total expenditures	<u>5,715,955</u>	<u>6,080,681</u>	<u>4,185,096</u>	<u>1,895,585</u>
Changes in fund balances	<u>(5,715,955)</u>	<u>(6,080,681)</u>	<u>414,800</u>	<u>6,495,481</u>
Fund balances, beginning of year			<u>1,350,718</u>	<u>1,350,718</u>
Fund balances, end of year	<u>\$ (5,715,955)</u>	<u>\$ (6,080,681)</u>	<u>\$ 1,765,518</u>	<u>\$ 7,846,199</u>

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 3,226	\$ 3,226
State aid and grants		379,389	379,389
Total revenues		<u>382,615</u>	<u>382,615</u>
Expenditures			
Current:			
Instruction	232,522	236,453	(3,931)
Support services - students and staff	<u>3,728</u>	<u>3,791</u>	<u>(63)</u>
Total expenditures	<u>236,250</u>	<u>240,244</u>	<u>(3,994)</u>
Changes in fund balances	<u>(236,250)</u>	<u>142,371</u>	<u>378,621</u>
Fund balances, beginning of year		<u>461,382</u>	<u>461,382</u>
Fund balances, end of year	<u>\$ (236,250)</u>	<u>\$ 603,753</u>	<u>\$ 840,003</u>

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 1,513,637	\$ 1,513,637
State aid and grants			7,126	7,126
Federal aid, grants and reimbursements			6,863	6,863
Total revenues			<u>1,527,626</u>	<u>1,527,626</u>
Expenditures				
Current:				
Instruction	921,204	608,931	436,315	172,616
Support services - students and staff	490,685	324,351	232,406	91,945
Support services - administration	178,874	118,239	84,721	33,518
Operation and maintenance of plant services	16,996	11,235	8,050	3,185
Student transportation services	74,553	49,281	35,311	13,970
Operation of non-instructional services	10,557	6,978	5,000	1,978
Capital outlay	<u>1,552,132</u>	<u>1,025,985</u>	<u>735,145</u>	<u>290,840</u>
Total expenditures	<u>3,245,000</u>	<u>2,145,000</u>	<u>1,536,948</u>	<u>608,052</u>
Changes in fund balances	<u>(3,245,000)</u>	<u>(2,145,000)</u>	<u>(9,322)</u>	<u>2,135,678</u>
Fund balances, beginning of year			<u>876,953</u>	<u>876,953</u>
Fund balances, end of year	<u>\$ (3,245,000)</u>	<u>\$ (2,145,000)</u>	<u>\$ 867,631</u>	<u>\$ 3,012,631</u>

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	46	\$ 46
Total revenues			<u>46</u>	<u>46</u>
Expenditures				
Capital outlay	<u>6,000</u>			
Total expenditures	<u>6,000</u>			
Changes in fund balances	<u>(6,000)</u>		<u>46</u>	<u>46</u>
Fund balances, beginning of year			<u>6,027</u>	<u>6,027</u>
Fund balances, end of year	<u>\$ (6,000)</u>	<u>\$</u>	<u>\$ 6,073</u>	<u>\$ 6,073</u>

Nogales Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
State aid and grants	\$	\$ 2,634,665	\$ 2,634,665
Federal aid, grants and reimbursements		247,052	247,052
Total revenues		<u>2,881,717</u>	<u>2,881,717</u>
Expenditures			
Capital outlay	353,629	2,787,215	(2,433,586)
Debt service:			
Principal retirement	374,319	374,319	
Interest and fiscal charges	247,052	247,052	
Total expenditures	<u>975,000</u>	<u>3,408,586</u>	<u>(2,433,586)</u>
Excess (deficiency) of revenues over expenditures	<u>(975,000)</u>	<u>(526,869)</u>	<u>448,131</u>
Other financing sources (uses)			
Transfers in		374,319	374,319
Total other financing sources (uses)		<u>374,319</u>	<u>374,319</u>
Changes in fund balances	<u>(975,000)</u>	<u>(152,550)</u>	<u>822,450</u>
Fund balances, beginning of year		<u>39,020</u>	<u>39,020</u>
Fund balances, end of year	<u>\$ (975,000)</u>	<u>\$ (113,530)</u>	<u>\$ 861,470</u>

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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Nogales Unified School District No. 1
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Position:					
Net investment in capital assets	\$ 38,858,978	\$ 35,667,476	\$ 34,631,981	\$ 36,277,676	\$ 36,877,624
Restricted	7,009,440	10,838,025	5,226,648	5,076,430	3,889,022
Unrestricted	(7,625,564)	(18,102,082)	(18,936,509)	(22,123,280)	(26,426,469)
Total net position	\$ 38,242,854	\$ 28,403,419	\$ 20,922,120	\$ 19,230,826	\$ 14,340,177
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position:					
Net investment in capital assets	\$ 37,486,289	\$ 38,529,030	\$ 40,119,052	\$ 39,123,617	\$ 43,014,187
Restricted	4,178,509	4,883,871	3,693,321	3,633,377	3,309,623
Unrestricted	(30,070,102)	(31,752,175)	(33,679,724)	(29,636,142)	5,357,054
Total net position	\$ 11,594,696	\$ 11,660,726	\$ 10,132,649	\$ 13,120,852	\$ 51,680,864

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

Note: The decrease in unrestricted net position during fiscal year 2015 is due to the implementation of the pension reporting standards.

Nogales Unified School District No. 1
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses					
Instruction	\$ 30,755,397	\$ 31,139,387	\$ 29,630,330	\$ 27,575,779	\$ 24,872,368
Support services - students and staff	7,248,558	6,856,690	6,450,527	5,721,212	5,229,905
Support services - administration	6,607,636	5,786,557	6,612,376	5,483,703	6,172,924
Operation and maintenance of plant services	7,100,016	7,061,390	6,694,000	6,826,894	5,790,573
Student transportation services	2,237,833	2,152,870	1,767,730	1,687,890	1,801,260
Operation of non-instructional services	4,363,159	4,106,202	2,564,493	4,088,634	3,977,145
Interest on long-term debt	247,052	247,052	247,052	247,052	247,052
Total expenses	<u>58,559,651</u>	<u>57,350,148</u>	<u>53,966,508</u>	<u>51,631,164</u>	<u>48,091,227</u>
Program Revenues					
Charges for services:					
Instruction	1,136,161	1,474,308	835,770	1,367,593	1,303,927
Operation of non-instructional services	435,638	343,009	178,878	292,343	363,154
Other activities	73,594	18,984	61,901	24,769	67,601
Operating grants and contributions	14,358,942	15,806,098	13,040,141	10,530,109	10,512,461
Capital grants and contributions	4,150,040	3,865,154	2,780,653	2,090,029	1,075,396
Total program revenues	<u>20,154,375</u>	<u>21,507,553</u>	<u>16,897,343</u>	<u>14,304,843</u>	<u>13,322,539</u>
Net (Expense)/Revenue	<u>\$ (38,405,276)</u>	<u>\$ (35,842,595)</u>	<u>\$ (37,069,165)</u>	<u>\$ (37,326,321)</u>	<u>\$ (34,768,688)</u>

(Continued)

Nogales Unified School District No. 1
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Instruction	\$ 24,072,866	\$ 22,408,932	\$ 23,525,935	\$ 22,440,680	\$ 22,833,252
Support services - students and staff	5,449,204	5,276,967	5,483,484	4,905,221	5,011,712
Support services - administration	4,960,490	4,162,846	4,478,669	4,461,827	5,605,931
Operation and maintenance of plant services	5,636,155	5,867,444	6,604,096	5,936,508	5,942,992
Student transportation services	1,636,593	1,450,864	1,695,230	1,429,372	1,448,341
Operation of non-instructional services	4,135,684	3,996,101	3,766,708	3,467,581	3,290,374
Interest on long-term debt	247,052	247,052	247,052	185,289	
Total expenses	<u>46,138,044</u>	<u>43,410,206</u>	<u>45,801,174</u>	<u>42,826,478</u>	<u>44,132,602</u>
Program Revenues					
Charges for services:					
Instruction	1,372,292	524,312	898,129	819,582	888,926
Operation of non-instructional services	352,739	542,971	645,256	553,264	541,492
Other activities	75,289	72,268	26,608	9,995	11,552
Operating grants and contributions	9,139,458	9,069,827	8,931,060	8,955,372	8,983,843
Capital grants and contributions	454,387	684,547	430,224	663,486	845,392
Total program revenues	<u>11,394,165</u>	<u>10,893,925</u>	<u>10,931,277</u>	<u>11,001,699</u>	<u>11,271,205</u>
Net (Expense)/Revenue	<u>\$ (34,743,879)</u>	<u>\$ (32,516,281)</u>	<u>\$ (34,869,897)</u>	<u>\$ (31,824,779)</u>	<u>\$ (32,861,397)</u>

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

(Concluded)

Nogales Unified School District No. 1
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net (Expense)/Revenue	\$ (38,405,276)	\$ (35,842,595)	\$ (37,069,165)	\$ (37,326,321)	\$ (34,768,688)
General Revenues:					
Property taxes	7,269,917	7,165,192	7,132,574	6,639,283	6,533,284
Investment income	199,708	4,152	12,134	61,629	78,440
Unrestricted county aid		970,460	972,647	955,714	970,551
Unrestricted state aid	40,619,259	34,900,880	30,451,111	31,212,749	29,482,856
Unrestricted federal aid	155,827	283,210	191,993	309,693	449,038
Total general revenues	<u>48,244,711</u>	<u>43,323,894</u>	<u>38,760,459</u>	<u>39,179,068</u>	<u>37,514,169</u>
Changes in Net Position	<u>\$ 9,839,435</u>	<u>\$ 7,481,299</u>	<u>\$ 1,691,294</u>	<u>\$ 1,852,747</u>	<u>\$ 2,745,481</u>

(Continued)

Nogales Unified School District No. 1
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue	\$ (34,743,879)	\$ (32,516,281)	\$ (34,869,897)	\$ (31,824,779)	\$ (32,861,397)
General Revenues:					
Property taxes	6,242,512	7,097,785	6,998,257	6,206,753	6,756,868
Investment income	102,867	5,960	1,771	2,347	1,882
Unrestricted county aid	979,476	960,056	1,024,971	1,089,235	1,083,233
Unrestricted state aid	27,159,885	25,852,900	25,948,981	24,850,383	23,309,790
Unrestricted federal aid	187,251	127,657	339,244	285,002	32,962
Total general revenues	<u>34,671,991</u>	<u>34,044,358</u>	<u>34,313,224</u>	<u>32,433,720</u>	<u>31,184,735</u>
Changes in Net Position	<u>\$ (71,888)</u>	<u>\$ 1,528,077</u>	<u>\$ (556,673)</u>	<u>\$ 608,941</u>	<u>\$ (1,676,662)</u>

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

Note: Due to a change in legislation, beginning with fiscal year 2023, unrestricted county aid is now presented with property taxes.

(Concluded)

Nogales Unified School District No. 1
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund:					
Nondisposable	\$ 3,594,525	\$ 237,288	\$ 273,265	\$ 734,250	\$ 804,452
Unassigned	26,517,697	18,297,954	18,338,686	14,151,672	9,343,595
Total General Fund	<u>\$ 30,112,222</u>	<u>\$ 18,535,242</u>	<u>\$ 18,611,951</u>	<u>\$ 14,885,922</u>	<u>\$ 10,148,047</u>
All Other Governmental Funds:					
Nondisposable	\$ 198,233	\$	\$	\$ 246,863	\$ 72,939
Restricted	6,352,058	10,811,377	5,194,428	4,808,402	3,805,170
Unassigned	(113,530)	(1,847,319)	(2,119,280)	(370,845)	(249,297)
Total all other governmental funds	<u>\$ 6,436,761</u>	<u>\$ 8,964,058</u>	<u>\$ 3,075,148</u>	<u>\$ 4,684,420</u>	<u>\$ 3,628,812</u>

(Continued)

Nogales Unified School District No. 1
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Nonspendable	\$ 777,458	\$ 2,677,571	\$ 2,682,239	\$ 2,865,844	\$ 2,024,019
Unassigned	9,019,027	7,606,015	7,221,824	4,302,740	3,807,294
Total General Fund	<u>\$ 9,796,485</u>	<u>\$ 10,283,586</u>	<u>\$ 9,904,063</u>	<u>\$ 7,168,584</u>	<u>\$ 5,831,313</u>
All Other Governmental Funds:					
Nonspendable	\$ 41,240	\$ 25,204	\$ 39,488	\$ 9,556	\$ 407,991
Restricted	4,137,269	4,750,952	3,643,831	6,223,608	2,899,240
Unassigned	(213,910)	(1,855)	(20,365)	(78,437)	(16,262)
Total all other governmental funds	<u>\$ 3,964,599</u>	<u>\$ 4,774,301</u>	<u>\$ 3,662,954</u>	<u>\$ 6,154,727</u>	<u>\$ 3,290,969</u>

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

(Concluded)

Nogales Unified School District No. 1
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Federal sources:					
Federal grants	\$ 11,460,913	\$ 13,597,146	\$ 10,486,290	\$ 6,086,726	\$ 6,548,671
National School Lunch Program	4,196,676	4,839,407	2,267,048	3,768,555	3,570,255
Total federal sources	<u>15,657,589</u>	<u>18,436,553</u>	<u>12,753,338</u>	<u>9,855,281</u>	<u>10,118,926</u>
State sources:					
State equalization assistance	35,657,202	29,241,219	27,348,480	27,990,947	26,302,315
State grants	754,345	1,906,090	1,371,388	1,097,236	872,869
School Facilities Oversight Board	2,634,665	38,446	39,445	1,260,422	525,762
Other revenues	4,969,183	5,109,610	3,102,631	3,221,802	3,180,541
Total state sources	<u>44,015,395</u>	<u>36,295,365</u>	<u>31,861,944</u>	<u>33,570,407</u>	<u>30,881,487</u>
Local sources:					
Property taxes	7,276,458	7,254,488	7,139,500	6,717,609	6,565,472
County aid		970,460	972,647	955,714	970,551
Food service sales	435,638	343,009	178,878	292,343	363,154
Investment income	199,708	4,152	12,134	61,629	78,440
Other revenues	2,172,331	1,874,542	992,257	1,981,336	1,660,799
Total local sources	<u>10,084,135</u>	<u>10,446,651</u>	<u>9,295,416</u>	<u>10,008,631</u>	<u>9,638,416</u>
Total revenues	<u><u>\$ 69,757,119</u></u>	<u><u>\$ 65,178,569</u></u>	<u><u>\$ 53,910,698</u></u>	<u><u>\$ 53,434,319</u></u>	<u><u>\$ 50,638,829</u></u>

(Continued)

Nogales Unified School District No. 1
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Federal sources:					
Federal grants	\$ 5,081,466	\$ 5,291,190	\$ 5,848,153	\$ 5,936,588	\$ 5,725,910
National School Lunch Program	3,481,969	3,694,711	3,240,734	2,916,497	2,990,852
Total federal sources	<u>8,563,435</u>	<u>8,985,901</u>	<u>9,088,887</u>	<u>8,853,085</u>	<u>8,716,762</u>
State sources:					
State equalization assistance	24,280,377	23,434,614	23,522,069	22,521,165	21,000,432
State grants	765,781	211,449	191,545	340,421	191,669
School Facilities Oversight Board	286,735	270,606	94,372	578,636	734,523
Other revenues	2,817,116	2,418,286	2,426,912	2,223,246	2,309,367
Total state sources	<u>28,150,009</u>	<u>26,334,955</u>	<u>26,234,898</u>	<u>25,663,468</u>	<u>24,235,991</u>
Local sources:					
Property taxes	6,319,994	7,196,232	7,076,126	6,239,069	6,246,607
County aid	979,476	960,056	1,024,971	1,089,235	1,083,233
Food service sales	373,883	342,784	366,488	321,490	283,342
Investment income	102,867	5,960	1,771	2,347	2,058
Other revenues	1,672,822	1,161,181	1,529,229	1,299,041	1,377,686
Total local sources	<u>9,449,042</u>	<u>9,666,213</u>	<u>9,998,585</u>	<u>8,951,182</u>	<u>8,992,926</u>
Total revenues	<u>\$ 46,162,486</u>	<u>\$ 44,987,069</u>	<u>\$ 45,322,370</u>	<u>\$ 43,467,735</u>	<u>\$ 41,945,679</u>

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

Note: Due to a change in legislation, beginning with fiscal year 2023, county aid is now presented with property taxes.

(Concluded)

Nogales Unified School District No. 1
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenditures:					
Current -					
Instruction	\$ 27,387,064	\$ 28,475,351	\$ 25,166,585	\$ 24,304,033	\$ 23,962,674
Support services - students and staff	6,976,182	6,826,570	6,178,872	5,511,225	5,552,906
Support services - administration	5,987,013	5,552,488	5,125,967	5,283,451	6,185,603
Operation and maintenance of plant services	6,626,234	6,624,877	6,275,859	5,993,944	5,974,777
Student transportation services	1,854,582	1,659,803	939,898	1,200,552	1,467,980
Operation of non-instructional services	4,247,820	3,997,555	2,330,122	3,862,861	3,953,788
Capital outlay	7,049,101	5,577,013	4,501,202	4,008,996	2,966,909
Debt service -					
Principal retirement	374,319	374,319	374,319	374,319	374,319
Interest and fiscal charges	247,052	247,052	247,052	247,052	247,052
Total expenditures	<u>\$ 60,749,367</u>	<u>\$ 59,335,028</u>	<u>\$ 51,139,876</u>	<u>\$ 50,786,433</u>	<u>\$ 50,686,008</u>
Expenditures for capitalized assets	\$ 5,375,894	\$ 3,115,993	\$ 278,542	\$ 1,567,921	\$ 1,423,800
Debt service as a percentage of noncapital expenditures	1%	1%	1%	1%	1%

(Continued)

Nogales Unified School District No. 1
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenditures:					
Current -					
Instruction	\$ 21,544,161	\$ 20,533,977	\$ 20,410,639	\$ 20,508,378	\$ 20,051,550
Support services - students and staff	5,435,952	5,343,852	5,216,378	4,792,224	4,913,457
Support services - administration	4,540,920	4,171,939	4,162,357	4,369,418	4,913,313
Operation and maintenance of plant services	5,719,277	5,857,887	6,138,384	6,348,486	5,814,636
Student transportation services	1,361,996	1,330,052	1,366,153	1,348,739	1,347,043
Operation of non-instructional services	4,033,108	3,917,178	3,698,297	3,372,165	3,212,163
Capital outlay	2,325,749	1,700,991	3,847,257	4,400,186	1,715,456
Debt service -					
Principal retirement	374,319	374,319	374,319		
Interest and fiscal charges	247,052	247,052	247,052	185,289	
Total expenditures	<u>\$ 45,582,534</u>	<u>\$ 43,477,247</u>	<u>\$ 45,460,836</u>	<u>\$ 45,324,885</u>	<u>\$ 41,967,618</u>
Expenditures for capitalized assets	\$ 891,137	\$ 332,758	\$ 264,750	\$ 3,644,827	\$ 746,563
Debt service as a percentage of noncapital expenditures	1%	1%	1%	0%	0%

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

(Concluded)

Nogales Unified School District No. 1
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Excess (deficiency) of revenues over expenditures	\$ 9,007,752	\$ 5,843,541	\$ 2,770,822	\$ 2,647,886	\$ (47,179)
Other financing sources (uses):					
Insurance recoveries		4,637	53,783	3,973	4,261
Transfers in	1,144,578	1,131,227	1,207,601	1,412,089	846,396
Transfers out	(1,144,578)	(1,131,227)	(1,207,601)	(1,412,089)	(846,396)
Proceeds from sale of capital assets	41,931				
Total other financing sources (uses)	<u>41,931</u>	<u>4,637</u>	<u>53,783</u>	<u>3,973</u>	<u>4,261</u>
Changes in fund balances	<u>\$ 9,049,683</u>	<u>\$ 5,848,178</u>	<u>\$ 2,824,605</u>	<u>\$ 2,651,859</u>	<u>\$ (42,918)</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenditures	\$ 579,952	\$ 1,509,822	\$ (138,466)	\$ (1,857,150)	\$ (21,939)
Other financing sources (uses):					
Capital lease agreements				5,614,789	
Insurance recoveries	7,322				
Transfers in	1,256,598	1,958,049	387,081	296,355	371,284
Transfers out	(1,256,598)	(1,958,049)	(387,081)	(296,355)	(371,284)
Total other financing sources (uses)	<u>7,322</u>			<u>5,614,789</u>	
Changes in fund balances	<u>\$ 587,274</u>	<u>\$ 1,509,822</u>	<u>\$ (138,466)</u>	<u>\$ 3,757,639</u>	<u>\$ (21,939)</u>

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

Nogales Unified School District No. 1
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	\$ 80,438,475	\$ 80,556,447	\$ 78,447,792	\$ 75,579,270	\$ 72,230,527
Agricultural and Vacant	6,783,865	7,089,108	7,065,243	7,048,384	6,948,129
Residential (Owner Occupied)	37,137,593	35,430,086	34,185,518	32,056,391	30,421,872
Residential (Rental)	12,151,098	11,959,563	12,235,133	11,996,396	11,686,260
Railroad, Private Cars and Airlines	923,951	872,583	769,635	821,785	850,875
Historical Property	276,137	269,914	270,541	264,024	254,776
Certain Government Property Improvements	19,515	18,774	19,096	18,238	17,832
Total	\$ 137,730,634	\$ 136,196,475	\$ 132,992,958	\$ 127,784,488	\$ 122,410,271
Gross Full Cash Value	\$ 1,325,334,989	\$ 1,278,680,187	\$ 1,258,180,850	\$ 1,205,033,427	\$ 1,177,223,148
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	11%	11%	11%	10%
Total Direct Rate	5.73	5.68	5.89	5.66	5.87

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 69,084,932	\$ 66,414,514	\$ 67,698,388	\$ 67,274,676	\$ 66,475,415
Agricultural and Vacant	7,156,336	7,428,020	8,189,154	8,276,709	8,278,123
Residential (Owner Occupied)	29,020,768	28,047,483	27,808,387	28,267,349	32,454,833
Residential (Rental)	11,480,384	11,349,489	11,024,605	10,906,594	12,627,106
Railroad, Private Cars and Airlines	873,388	795,164	837,159	878,574	750,161
Historical Property	245,531	248,289	256,823	260,756	277,052
Certain Government Property Improvements	18,555				
Total	\$ 117,879,894	\$ 114,282,959	\$ 115,814,516	\$ 115,864,658	\$ 120,862,690
Gross Full Cash Value	\$ 1,073,727,883	\$ 1,054,465,130	\$ 1,035,334,466	\$ 1,024,131,950	\$ 1,057,679,595
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Total Direct Rate	5.90	6.82	6.55	5.88	5.61

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides.

Nogales Unified School District No. 1
Net Full Cash Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	\$ 83,170,853	\$ 83,503,424	\$ 82,073,937	\$ 79,605,505	\$ 78,209,448
Agricultural and Vacant	10,445,184	10,617,458	10,542,598	10,274,247	10,232,040
Residential (Owner Occupied)	43,742,663	41,438,751	40,554,276	37,633,238	36,257,926
Residential (Rental)	14,723,491	13,956,642	13,885,205	13,550,308	13,010,260
Railroad, Private Cars and Airlines	1,204,241	1,124,307	968,305	1,010,197	1,020,838
Historical Property	303,231	290,703	286,447	272,491	268,421
Certain Government Property Improvements	32,358	29,646	29,581	27,965	27,933
Total	\$ 153,622,021	\$ 150,960,931	\$ 148,340,349	\$ 142,373,951	\$ 139,026,866
Gross Full Cash Value	\$ 1,325,334,989	\$ 1,278,680,187	\$ 1,258,180,850	\$ 1,205,033,427	\$ 1,177,223,148
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12%	12%	12%	12%	12%
Estimated Net Full Cash Value	\$ 1,127,867,496	\$ 1,089,491,274	\$ 1,070,509,489	\$ 1,023,464,523	\$ 997,177,042
Total Direct Rate	5.73	5.68	5.89	5.66	5.87

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 70,732,495	\$ 67,826,278	\$ 68,357,520	\$ 68,652,936	\$ 66,827,731
Agricultural and Vacant	10,002,370	10,594,148	8,281,629	8,410,864	8,413,798
Residential (Owner Occupied)	32,499,584	31,478,951	28,456,853	28,286,701	32,481,625
Residential (Rental)	12,187,749	12,297,971	11,228,475	10,916,924	12,659,089
Railroad, Private Cars and Airlines	1,013,199	849,064	852,453	886,339	756,856
Historical Property	251,330	260,191	263,094	260,756	273,458
Certain Government Property Improvements	18,555				3,594
Total	\$ 126,705,282	\$ 123,306,603	\$ 117,440,024	\$ 117,414,520	\$ 121,416,151
Gross Full Cash Value	\$ 1,073,727,883	\$ 1,054,465,130	\$ 1,035,334,466	\$ 1,024,131,950	\$ 1,057,679,595
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12%	12%	11%	11%	11%
Estimated Net Full Cash Value	\$ 908,206,646	\$ 883,500,051	\$ 811,634,791	\$ 801,405,009	\$ 839,759,842
Total Direct Rate	5.90	6.82	6.55	5.88	5.61

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

Nogales Unified School District No. 1
Property Tax Assessment Ratios
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	15	15	14

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	16	15

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

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

Nogales Unified School District No. 1
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Overlapping Rates						District Direct Rates		
	State	County	Nogales Suburban	Flood Control	Community College	Fire District	Primary	Secondary	Total
	Equalization		F.D.	District	District	Assistance			
2023	0.00	4.05	3.38	0.81	0.45	0.10	3.76	1.97	5.73
2022	0.43	4.05	3.25	0.81	0.46	0.10	3.78	1.90	5.68
2021	0.44	3.98	3.25	0.80	0.47	0.10	3.92	1.96	5.89
2020	0.46	3.98	3.25	0.80	0.48	0.10	4.06	1.60	5.66
2019	0.47	3.88	3.25	0.78	0.49	0.10	4.23	1.64	5.87
2018	0.49	3.83	3.25	0.77	0.50	0.10	4.35	1.55	5.90
2017	0.50	3.81	3.25	0.76	0.49	0.10	5.24	1.58	6.82
2016	0.51	3.81	3.25	0.76	0.47	0.10	5.07	1.49	6.55
2015	0.51	3.65	3.25	0.73	0.45	0.10	4.47	1.40	5.88
2014	0.51	3.42	3.25	0.68	0.42	0.10	4.25	1.36	5.61

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

Nogales Unified School District No. 1
Principal Property Taxpayers
Current Fiscal Year and Fiscal Year Nine Years Prior

Taxpayer	2023		2014	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
Unisource Energy Corporation	\$ 20,826,661	15.12 %	\$ 14,872,768	12.25 %
Delta Properties LLP	11,462,183	8.32	4,009,528	3.30
Union Pacific Railroad	3,070,815	2.23	677,909	0.56
Crisantes Properties LLC	3,008,505	2.18		
Wal-Mart Stores Inc.	2,455,597	1.78	2,291,870	1.89
Alta Real Estate, LLC	2,020,770	1.47		
Mariposa Shopping Center LP	1,895,055	1.38	1,744,732	1.44
SOAC Properties Corporation	1,552,100	1.13	1,434,667	1.18
Tubac Management Co. LLC	1,418,372	1.03		
Rio Rico Utilities Inc.	1,306,375	0.95		
Nogales Plaza Shopping Center			1,332,575	1.10
Home Depot			1,034,904	0.85
Acacia Land and Storage Inc/ Qwest Corporation			828,353	0.68
			963,573	0.79
Total	\$ 49,016,433	35.59 %	\$ 29,190,879	24.04 %

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

- Note:** 1) On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.
- 2) Information for principal property taxpayers is presented county-wide as this is the most accurate information currently available.

Nogales Unified School District No. 1
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 7,022,009	\$ 6,668,770	94.97 %	\$	\$ 6,668,770	94.97 %
2022	6,931,925	6,579,138	94.91	340,321	6,919,459	99.82
2021	6,983,006	6,586,231	94.32	388,572	6,974,803	99.88
2020	6,451,725	6,057,904	93.90	386,557	6,444,461	99.89
2019	6,455,083	6,038,250	93.54	409,213	6,447,463	99.88
2018	6,164,627	5,814,024	94.31	343,620	6,157,644	99.89
2017	7,215,860	6,798,942	94.22	409,296	7,208,238	99.89
2016	7,560,396	7,149,410	94.56	403,313	7,552,723	99.90
2015	6,302,910	5,866,725	93.08	430,336	6,297,061	99.91
2014	6,207,635	5,732,278	92.34	469,663	6,201,941	99.91

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

- Notes:** 1) Amounts collected are on a cash basis.
2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

Nogales Unified School District No. 1
Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Financed Purchases and Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2023	\$	\$	\$	%	\$	\$ 2,620,237	\$ 2,620,237	0.20 %	\$ 124	0.11 %
2022						2,994,556	2,994,556	0.23	136	0.13
2021						3,368,875	3,368,875	0.27	155	0.17
2020						3,743,194	3,743,194	0.31	172	0.20
2019						4,117,513	4,117,513	0.35	190	0.23
2018						4,491,832	4,491,832	0.42	220	0.27
2017						4,866,151	4,866,151	0.46	243	0.30
2016						5,240,470	5,240,470	0.51	256	0.34
2015						5,614,789	5,614,789	0.55	269	0.40
2014										

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87 were adopted in fiscal year 2022. The standard replaces the previous capital and operating lease designations with financed purchases or leases depending on the substance of the transactions. The fiscal year 2014-2021 information within this column relates to the transactions previously designated as capital leases.

Nogales Unified School District No. 1
Direct and Overlapping Governmental Activities Debt
June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
City of Nogales	\$ -	100.00 %	\$ <u> </u>
Subtotal, Overlapping Debt			<u> </u>
Direct:			
Nogales Unified School District No. 1			<u>2,620,237</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 2,620,237</u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		0 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ -	
As a Percentage of Net Limited Assessed Valuation		0.00 %
As a Percentage of Gross Full Cash Value		0.00 %

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

- Notes:** 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
- 2) Outstanding debt as of June 30, 2022 is presented for the overlapping governments as this is the most recent available information.

Nogales Unified School District No. 1
Legal Debt Margin Information
Last Ten Fiscal Years

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 153,622,021
Debt limit (20% of assessed value)	30,724,404
Debt applicable to limit	
Legal debt margin	<u>\$ 30,724,404</u>

Total Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 153,622,021
Debt limit (30% of assessed value)	46,086,606
Debt applicable to limit	
Legal debt margin	<u>\$ 46,086,606</u>

Fiscal Year Ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit	\$ 46,086,606	\$ 45,288,279	\$ 44,502,105	\$ 42,712,185	\$ 41,708,060
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 46,086,606</u>	<u>\$ 45,288,279</u>	<u>\$ 44,502,105</u>	<u>\$ 42,712,185</u>	<u>\$ 41,708,060</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 38,011,585	\$ 36,991,981	\$ 35,232,007	\$ 35,224,356	\$ 36,424,845
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 38,011,585</u>	<u>\$ 36,991,981</u>	<u>\$ 35,232,007</u>	<u>\$ 35,224,356</u>	<u>\$ 36,424,845</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

- Notes:** 1) The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

Nogales Unified School District No. 1
County-Wide Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2022	49,039	\$ 2,335,466	\$ 47,898	7.5 %	21,050
2021	48,468	2,242,255	46,828	8.7	21,943
2020	53,731	1,975,467	42,204	12.3	21,797
2019	53,161	1,833,258	39,427	7.7	21,768
2018	52,390	1,816,567	39,057	9.3	21,618
2017	51,507	1,681,736	36,392	9.5	20,456
2016	50,581	1,611,877	35,052	9.9	20,000
2015	50,270	1,563,237	33,646	11.5	20,456
2014	49,554	1,408,494	30,164	13.2	20,837
2013	46,768	1,297,082	27,734	18.2	20,456

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics.

**Nogales Unified School District No. 1
Principal Employers
Current Fiscal Year and Fiscal Year Nine Years Prior**

<u>Employer</u>	<u>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Santa Cruz Valley Unified School District #35	1,230	6.44 %	399	2.07 %
Javid LLC	1,000	5.24		
Bureau of Customs and Border Protection	670	3.51	450	2.34
Nogales Unified School District No. 1	670	3.51	568	2.95
Becton Dickinson and Company	430	2.25		
Santa Cruz County	420	2.20	407	2.11
United Parcel Service	420	2.20		
Otis Elevator International Inc	400	2.10		
Otis Elevator Company	400	2.10		
Dependable Nurses Inc	360	1.89		
U.S. Border Patrol			1,565	8.13
Super Wal-Mart			492	2.56
City of Nogales			300	1.56
Mariposa Community Health Center, Inc.			225	1.17
Carondelet Health Network - Holy Cross Hospital			210	1.09
McDonald's			184	0.96
Total	<u>6,000</u>	<u>31.44 %</u>	<u>4,800</u>	<u>24.94 %</u>
Total employment	<u>19,090</u>		<u>19,250</u>	

Source: The source of this information is the Maricopa Association of Governments, Arizona Employer Map.

Nogales Unified School District No. 1
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Supervisory					
Consultants/supervisors of instruction	9	10	10	10	10
Principals	9	9	10	10	10
Assistant principals	4	4	4	4	4
Total supervisory	<u>22</u>	<u>23</u>	<u>24</u>	<u>24</u>	<u>24</u>
Instruction					
Teachers	267	281	281	281	281
Other professionals (instructional)	7	15	15	15	15
Aides	53	77	77	77	77
Total instruction	<u>327</u>	<u>373</u>	<u>373</u>	<u>373</u>	<u>373</u>
Student Services					
Librarians	3	3	3	3	3
Other	53	20	20	20	20
Total student services	<u>56</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
Support and Administration					
Clerical/secretarial/other workers	54	53	53	53	53
Custodial/maintenance/mechanic workers	56	56	56	56	62
Technicians	6	6	6	6	6
Security guard/truancy officer	13	18	18	18	18
Total support and administration	<u>129</u>	<u>133</u>	<u>133</u>	<u>133</u>	<u>139</u>
Total	<u><u>534</u></u>	<u><u>552</u></u>	<u><u>553</u></u>	<u><u>553</u></u>	<u><u>559</u></u>

(Continued)

Nogales Unified School District No. 1
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Supervisory					
Consultants/supervisors of instruction	10	10	10	10	10
Principals	10	10	10	10	10
Assistant principals	4	4	4	4	4
Total supervisory	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
Instruction					
Teachers	281	281	281	278	276
Other professionals (instructional)	15	13	13	13	13
Aides	77	77	77	77	77
Total instruction	<u>373</u>	<u>371</u>	<u>371</u>	<u>368</u>	<u>366</u>
Student Services					
Librarians	3	3	3	3	3
Other	20	20	35	35	35
Total student services	<u>23</u>	<u>23</u>	<u>38</u>	<u>38</u>	<u>38</u>
Support and Administration					
Clerical/secretarial/other workers	53	53	53	53	53
Custodial/maintenance/mechanic workers	62	62	62	62	62
Technicians	6	6	6	6	7
Security guard/truancy officer	18	18	18	18	18
Total support and administration	<u>139</u>	<u>139</u>	<u>139</u>	<u>139</u>	<u>140</u>
Total	<u><u>559</u></u>	<u><u>557</u></u>	<u><u>572</u></u>	<u><u>569</u></u>	<u><u>568</u></u>

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

(Concluded)

Nogales Unified School District No. 1
Operating Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2023	5,337	\$ 53,078,895	\$ 9,946	(3.64) %	\$ 58,559,651	\$ 10,973	(1.50) %	327	16.3	85.4 %
2022	5,148	53,136,644	10,322	18.48	57,350,148	11,140	9.04	373	13.8	83.3
2021	5,282	46,017,303	8,712	2.30	53,966,508	10,217	7.25	373	14.2	83.0
2020	5,420	46,156,066	8,516	(0.44)	51,631,164	9,526	9.06	373	14.5	83.0
2019	5,506	47,097,728	8,554	13.22	48,091,227	8,734	6.84	373	14.8	83.0
2018	5,644	42,635,414	7,555	2.52	46,138,044	8,175	5.18	373	15.1	83.0
2017	5,585	41,154,885	7,369	(0.70)	43,410,206	7,773	(6.26)	371	15.1	83.0
2016	5,524	40,992,208	7,421	1.57	45,801,174	8,291	7.95	371	14.9	83.1
2015	5,576	40,739,410	7,306	2.68	42,826,478	7,681	(1.55)	368	15.2	83.0
2014	5,657	40,252,162	7,116	(2.15)	44,132,602	7,802	(3.15)	366	15.5	83.0

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

Note: Operating expenditures are total expenditures less debt service and capital outlay.

Nogales Unified School District No. 1
Capital Assets Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Schools</u>										
Elementary										
Buildings	56	56	56	56	56	56	56	56	56	56
Square feet	268,715	268,715	268,715	268,715	268,715	268,715	268,715	268,715	268,715	268,715
Enrollment	2,314	2,314	2,314	2,314	2,266	2,366	2,391	2,581	2,678	2,355
Middle										
Buildings	14	14	14	14	14	14	14	14	14	14
Square feet	160,113	160,113	160,113	160,113	160,113	160,113	160,113	160,113	160,113	160,113
Enrollment	1,415	1,415	1,415	1,415	1,372	1,347	1,298	1,282	1,298	1,390
High										
Buildings	36	36	36	36	36	36	36	36	36	36
Square feet	260,935	260,935	260,935	260,935	260,935	260,935	260,935	260,935	260,935	260,935
Enrollment	1,887	1,887	1,887	1,887	1,868	1,930	1,896	1,800	1,810	1,880
<u>Administrative</u>										
Buildings	7	7	7	7	7	7	7	7	7	7
Square feet	47,417	47,417	47,417	47,417	47,417	47,417	47,417	47,417	47,417	47,417
<u>Transportation</u>										
Garages	2	2	2	2	2	2	2	2	2	2
<u>Athletics</u>										
Football fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	9	9	9	9	9	9	9	9	9	9
Running tracks	4	4	4	4	4	4	4	4	4	4
Baseball/softball	11	11	11	11	11	11	11	11	11	11
Swimming pools	1	1	1	1	1	1	1	1	1	1
Playgrounds	13	13	13	13	13	13	13	13	13	13

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

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