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# NOGALES UNIFIED SCHOOL DISTRICT NO. 1

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## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**

**NOGALES, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Issued by:  
Business and Finance Department

# NOGALES UNIFIED SCHOOL DISTRICT NO. 1

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## **INTRODUCTORY SECTION**



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# Nogales Unified School District No. 1

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December 30, 2020

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 comprehensive annual financial report of the Nogales Unified School District No. 1 (District) for the fiscal year ended June 30, 2020.

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, 2020, 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, 2020, 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  
(520) 287-0800

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 Reporting Package.

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

## **DISTRICT PROFILE 2019-20**

### **Overview:**

Nogales Unified School District (NUSD) is one of six 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 with a focus of online coursework. The District as a whole educated 5,687 students on the 100th day January 21, 2020, from pre-kinder through high school, with projected enrollment of 5,587 for fiscal year 2020. The migration of students in NUSD is very high from school-to-school and from families entering or returning to Mexico, as well as from families leaving the area due to the high unemployment rate. The students who qualify as homeless based on the determination that the family is "doubling up" and living with another family has also increased about 18 percent over the past three years.

For 2019-20 the District employed 319 certified staff, 24 administrators, and 210 classified personnel. That reflects no additional personnel over 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.

For 2019-20 the Board President position was filled by President Dr. Marcelino Varona, Jr. Clerk Greg Lucero and members Manual Ruiz, Barbara Mendoza, and Robert Rojas.

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

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

**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. Also, the ability to hire Emergency Certified teachers who then have three years to complete their certification has also been reinstated.

**Student profile:**

More than 99 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 in a particular grade due to the fact that 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 has about four students from Mexico who have student visas and who are paying tuition to attend a NUSD school, although this number fluctuates with changes, up or down, tied to the fluctuation in the economic situation in Mexico.

**Meeting state mandates:**

The District has implemented English Language Learner (ELL) models to meet a 2008 requirement that students who are not fluent in English be provided with up to four hours of instruction in English each day. The large number of English Language Learners (ELL) remains an academic challenge to the District, as did the fact that the state suspended the need to pass the AIMS exam in order to earn a high-school diploma mid-year. A new state Superintendent of Public Instruction was elected in November 2018 and took office in January 2019. She made immediate changes to education funding and delivery. The new state assessment AzMerit took effect in fiscal year 2015, and one major change was that the assessments are now primarily taken via computers. However, due to the Covid-19 pandemic, all schools were closed to in-person learning in March 2020 and the State Board of Education suspended the mandate to administrate the AzMerit2. As a result, the letter grades for each school site were frozen to the 2018-19 letter grades.

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 2020 grant funding overall was down, following a pattern starting eight years ago.

**Facilities:**

The average age of school buildings is 32.9 years. The District asked for the passage of a bond on November 8, 2011 that would have funded much-needed roofing, electrical, and mechanical repairs as well as the construction of a new four-classroom science building and a small addition to the gymnasium for a wrestling room where the cheerleaders and spirit squad could practice. Unfortunately, the bond measure failed by 669 against to 595 for a difference of 74 votes. However, the State Facilities Board (SFB) conducted its own audit of District facilities six years ago and authorized repairs to several schools' roofs and to a drainage problem at one elementary school. Many of those projects were completed in fiscal year 2015 and others in fiscal year 2016 and 2017, and other projects were started in fiscal year 2019. However, again due to the Covid-19 crisis, some planned improvements have been placed on hold.

**Factors affecting financial conditions:**

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

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 \$37.8 million from local, state, and federal monies was spent on salaries and benefits. The District operated under a fiscal year 2020 Maintenance and Operation budget of \$37.5 million compared to \$36.4 million in fiscal year 2019. The overall budget for the District for fiscal year 2020 was \$66.6 million compared to \$61.6 million in fiscal year 2019.

The continuation override passed in fiscal year 2014 has allowed support for athletics, honors programs, the arts, and a bonus for both classified and certified employees for signing their contracts. 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 increase 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.

### **Overview of Nogales:**

The jobless rate for Santa Cruz County for August 2020 was over 13 percent, the second highest in the state. However, the rate continued to increase due to the closure of the U.S.-Mexican border to mitigate the spread of Covid 19, and as of November 2020 had increased to over 18 percent.

The 2010 federal census (the latest official census) reports 20,878 residents for Nogales with 95 percent of those claiming Hispanic ethnicity. The medium household income from census updates for 2020 the median household income was \$27,929 compared to \$51,390 for Arizona and \$55,322 for the nation. The latest statistics for 2020 listed 30.76 percent of the families living below the poverty level compared to 17.74 percent in Arizona. These statistics are not as accurate as the reality of median income and poverty levels that increased sharply after March 2020 due to the closure of the border and most service businesses in the community.

The medium age of those living in the city is 29.8 percent, compared to a national average of 35.3. In 2010 there were 1,830 children under the age of five. The average household size, according to the census information, is 3.98, compared to a national average of 2.63. However, due to economic conditions and other factors, it is not uncommon to have more than one family living together and 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. The census for 2020 was greatly impacted by Covid 19 closures and need for social distancing, as well as disagreements about if undocumented residents should be counted. At the time of this report, the census has as yet not been concluded.

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 eight years and unlike other areas in the state, even prior to Covid 19 had not enjoyed a resurgence in employment. Several major stores, restaurants, and establishments have closed, as have numerous small family-owned businesses.

There are other interesting statistics for the City of Nogales that directly impact 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.

### **NEW DIRECTION**

In January 2020 the District enjoyed its fifth full year under the leadership of Superintendent Fernando Parra who replaced the former superintendent in January 2015. The Leadership Team for the District remained the same in fiscal year 2019 and consisted of Superintendent Parra, Assistant Superintendent Angelina Canto, Finance Director Adelmo Sandoval, H.R. Director Mayra Zuniga, Student Services Director Judith Mendoza Jimenez, Grants Director Kathy Scott, and Technology Director Alex Lopez.

The focus for all schools is on academic achievement for all students. Prior to the facility closure of all school sites in March 2020, the District has instituted a series of early releases so that faculty members can work on aligning the curriculum to state standards, articulating among and between grade levels, and developing common assessments to chart progress toward mastery of reading, writing, and math. The District has also earmarked grant funding toward training all principals who in turn train teachers, based on the correlatives of Marzano and the new observation program.

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 has started to experience difficulty in attracting and retaining properly certified teachers not only in the hard-to-recruit areas of the past, but also even in areas such as English, social studies, physical education, elementary education, and counseling where there used to be sufficient applicants to fill those openings. 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.

## **TECHNOLOGY**

One area the District is working diligently to enhance 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 paged to every single person and office with a telephone, which is virtually almost every educator in the District. However, due to CARES funding through the ESSER grant and other federal grants, the District was able to purchase computing devices and WiFi connectivity to students who were learning from home, starting in March.

## **AWARDS AND ACKNOWLEDGMENT**

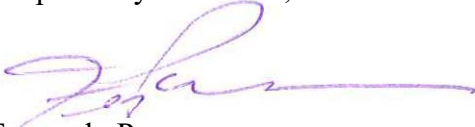
**Awards.** The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twenty-fifth consecutive year that the District 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 comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2020 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,



Fernando Parra  
Superintendent



Adelmo Sandoval  
Finance Director





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Nogales Unified School District No. 1**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

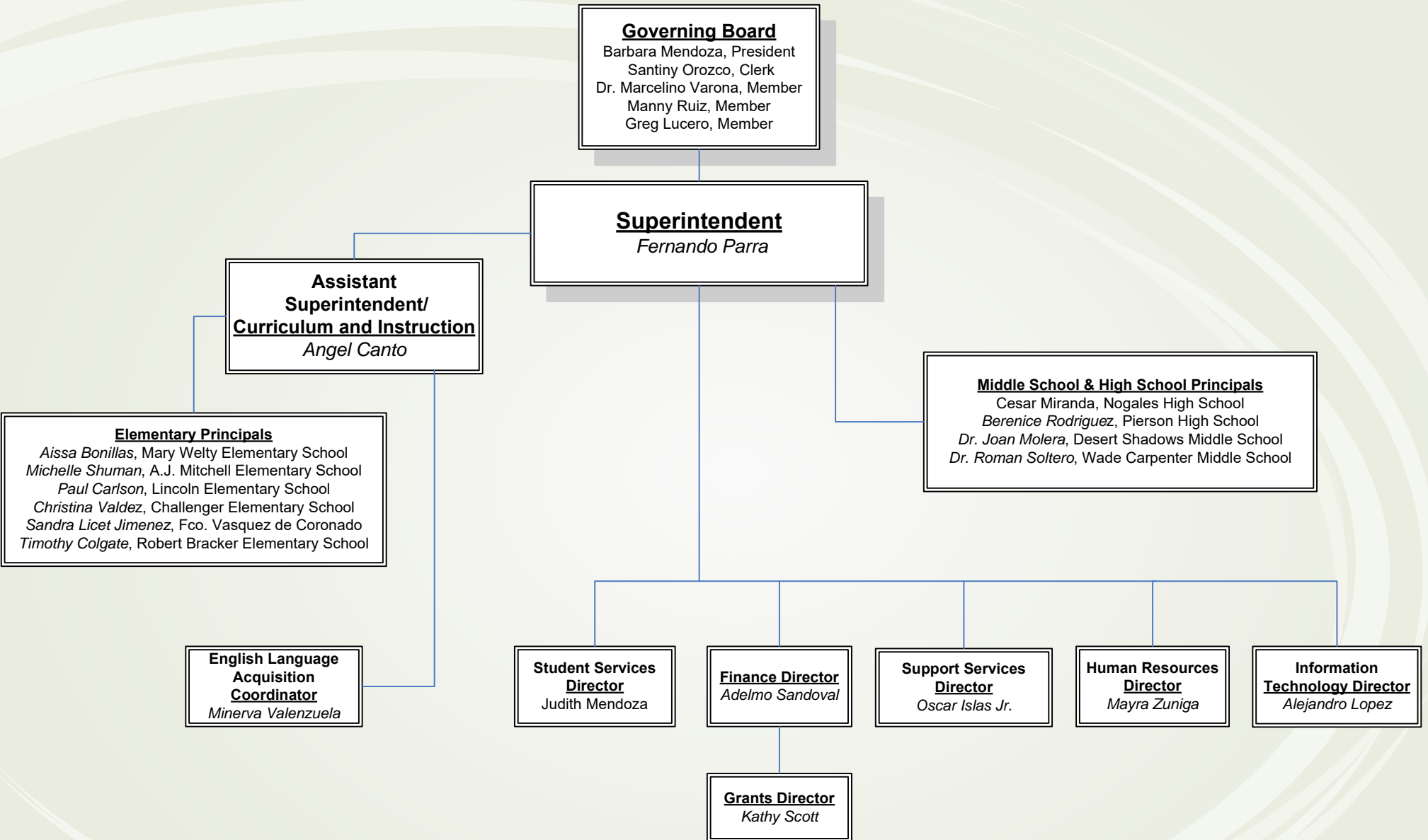
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# NUSD #1 ADMINISTRATION 2019-2020



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Manny Ruiz, President

Dr. Marcelino Varona, Clerk

Barbara Mendoza, Member

Robert Rojas, Member

Greg Lucero, Member

**ADMINISTRATIVE STAFF**

Fernando Parra, Superintendent

Angel Canto, Assistant Superintendent for Operations/Curriculum and Instruction

Adelmo Sandoval, Finance Director

Kathy Scott, Grants Director

Mayra Zuñiga, Human Resources 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 the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nogales Unified School District No. 1, as of June 30, 2020, 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.

### ***Change in Accounting Principle***

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2020, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.



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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, 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 30, 2020

**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, 2020**

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, 2020. 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 \$1.9 million which represents an 11 percent increase from the prior fiscal year as a result of an increase in state equalization assistance and grant funding.
- General revenues accounted for \$39.2 million in revenue, or 73 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$14.3 million or 27 percent of total current fiscal year revenues.
- The District had approximately \$51.6 million in expenses related to governmental activities, an increase of seven percent from the prior fiscal year primarily due to increased pension expense.
- Among major funds, the General Fund had \$35.3 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$33.4 million in expenditures. The General Fund's fund balance increase from \$12.4 million at the prior fiscal year end to \$14.9 million at the end of the current fiscal year was primarily due to an increase in state equalization assistance and an increased allocation for indirect costs transferred from the Food Service Fund, a non-major governmental fund.

**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, 2020**

**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, 2020**

**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, Title I Grants, and Other Federal Projects 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 \$19.2 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, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	As of June 30, 2020	As of June 30, 2019
Current and other assets	\$ 21,593,637	\$ 15,935,293
Capital assets, net	36,365,276	36,877,624
Total assets	<u>57,958,913</u>	<u>52,812,917</u>
 Deferred outflows	 <u>4,290,152</u>	 <u>5,224,032</u>
 Current liabilities	 1,207,919	 1,305,226
Long-term liabilities	39,589,550	37,928,386
Total liabilities	<u>40,797,469</u>	<u>39,233,612</u>
 Deferred inflows	 <u>2,220,770</u>	 <u>4,463,160</u>
 Net position:		
Investment in capital assets	36,277,676	36,877,624
Restricted	5,076,430	3,889,022
Unrestricted	(22,123,280)	(26,426,469)
Total net position	<u>\$ 19,230,826</u>	<u>\$ 14,340,177</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$22.1 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 \$2.0 million in pension liabilities.
- The depreciation of existing assets resulting in the addition of \$2.1 million in accumulated depreciation.
- The principal retirement of \$374,319 of capital lease obligations.
- The addition of \$1.6 million in capital assets through building improvements, vehicles, and equipment.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in net position.** The District's total revenues for the current fiscal year were \$53.5 million. The total cost of all programs and services was \$51.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

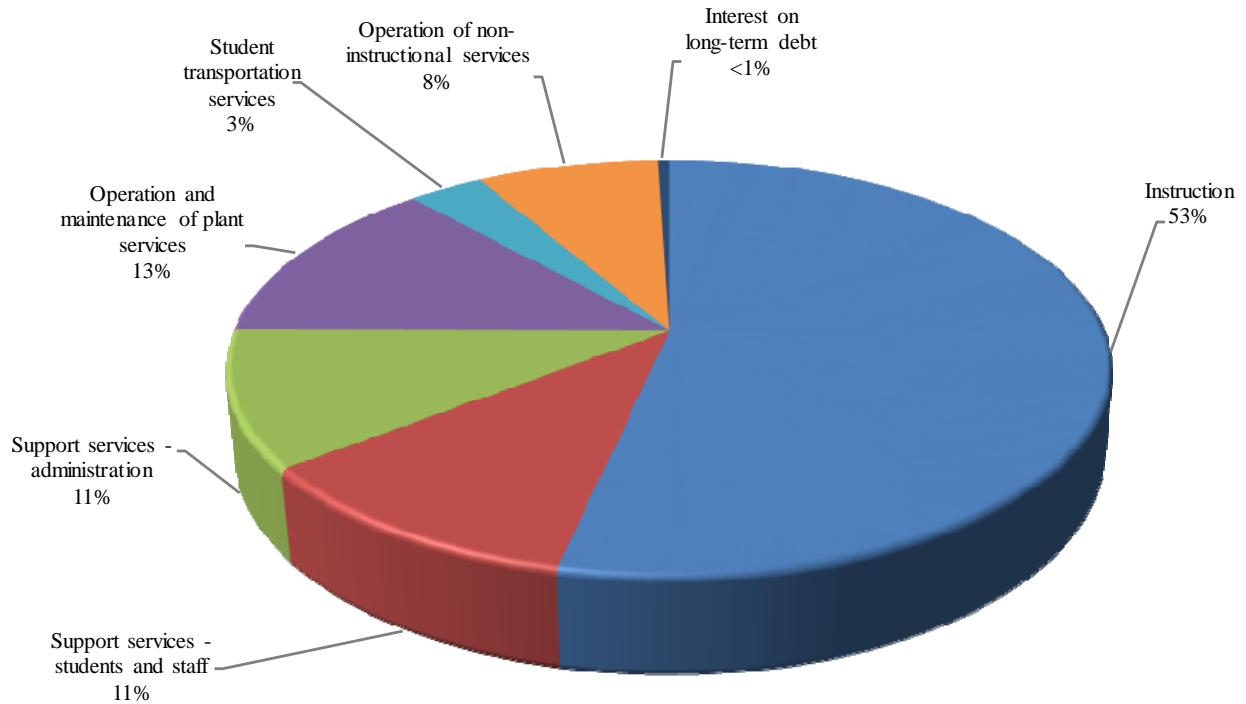
	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,684,705	\$ 1,734,682
Operating grants and contributions	10,530,109	10,512,461
Capital grants and contributions	2,090,029	1,075,396
General revenues:		
Property taxes	6,639,283	6,533,284
Investment income	61,629	78,440
Unrestricted county aid	955,714	970,551
Unrestricted state aid	31,212,749	29,482,856
Unrestricted federal aid	309,693	449,038
<b>Total revenues</b>	<b>53,483,911</b>	<b>50,836,708</b>
<b>Expenses:</b>		
Instruction	27,575,779	24,872,368
Support services - students and staff	5,721,212	5,229,905
Support services - administration	5,483,703	6,172,924
Operation and maintenance of plant services	6,826,894	5,790,573
Student transportation services	1,687,890	1,801,260
Operation of non-instructional services	4,088,634	3,977,145
Interest on long-term debt	247,052	247,052
<b>Total expenses</b>	<b>51,631,164</b>	<b>48,091,227</b>
<b>Changes in net position</b>	<b>1,852,747</b>	<b>2,745,481</b>
<b>Net position, beginning, as restated</b>	<b>17,378,079</b>	<b>11,594,696</b>
<b>Net position, ending</b>	<b>\$ 19,230,826</b>	<b>\$ 14,340,177</b>



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Expenses - Fiscal Year 2020**



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

- The increase of \$1.0 million in capital grants and contributions was primarily due to increased grant revenues received from the School Facilities Board.
- Unrestricted state aid increased \$1.7 million due to an increase in state equalization assistance as a result of an increase in the funding formula adopted by the state legislature.
- Total expenses increased \$3.5 million due to increased pension expenses.

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, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2020		Year Ended June 30, 2019	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 27,575,779	\$ (20,541,575)	\$ 24,872,368	\$ (19,391,385)
Support services - students and staff	5,721,212	(3,621,689)	5,229,905	(3,224,587)
Support services - administration	5,483,703	(4,991,177)	6,172,924	(4,575,064)
Operation and maintenance of plant services	6,826,894	(6,481,305)	5,790,573	(5,770,399)
Student transportation services	1,687,890	(1,662,839)	1,801,260	(1,763,517)
Operation of non-instructional services	4,088,634	(27,736)	3,977,145	(43,736)
Interest on long-term debt	247,052		247,052	
<b>Total</b>	<b>\$ 51,631,164</b>	<b>\$ (37,326,321)</b>	<b>\$ 48,091,227</b>	<b>\$ (34,768,688)</b>

- The cost of all governmental activities this year was \$51.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$14.3 million.
- Net cost of governmental activities of \$37.3 million was financed by general revenues, which are made up of primarily property taxes of \$6.6 million and state and county aid of \$32.2 million.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$19.6 million, an increase of \$2.8 million.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The General Fund comprises 76 percent of the total fund balance. Approximately \$14.2 million, or 95 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 \$2.5 million to \$14.9 million as of fiscal year end was a result of an increase in state equalization assistance and an increased allocation for indirect costs transferred from the Food Service Fund, a non-major governmental fund. General Fund revenues increased \$1.0 million result of an increase in state equalization assistance as a result of an increase in the funding formula adopted by the state legislature. General Fund expenditures decreased \$420,905.

The Title I Grants Fund's fund balance increased to a deficit of \$10,956 at fiscal year as a result of timing of federal grant reimbursements. Title I Grants Fund revenues increased \$14,879 and expenditures decreased \$131,718.

The Other Federal Projects Fund's fund balance decreased to a deficit of \$31,059 at fiscal year as a result of timing of federal grant reimbursements. Other Federal Projects Fund revenues increased \$507,223 and expenditures increased \$508,755 as a result of new grant funding for the Education Stabilization Discretionary Grant.

**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 \$653,427 increase, or two 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 \$6.3 million in instruction was a result of budgeting to the maximum general budget limit to provide capacity in future years.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$85.9 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 \$1.5 million from the prior fiscal year. Total depreciation expense for the current fiscal year was \$2.1 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2020 and June 30, 2019.

	As of June 30, 2020	As of June 30, 2019
Capital assets - non-depreciable	\$ 4,995,468	\$ 5,044,993
Capital assets - depreciable, net	31,369,808	31,832,631
Total	\$ 36,365,276	\$ 36,877,624

The estimated cost to complete current construction projects is \$582,945. Additional information on the District's capital assets can be found in Note 7.

**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 \$42.7 million and the Class B debt limit is \$28.5 million. At fiscal year end, the District had no outstanding general obligation debt.

The District has \$3.7 million of obligations under leases outstanding at year end, \$374,319 due within one year. Additional information on the District's long-term debt can be found in Notes 9 and 10.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**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 2020-21 budget. Among them:

- Fiscal year 2019-20 budget balance carry forward (estimated \$3.6 million).
- District student population (estimated 5,306).

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 one percent to \$37.8 million in fiscal year 2020-21 for increased payroll and employee benefit costs. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2020-21 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, 2020**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 10,434,214
Property taxes receivable	531,200
Accounts receivable	44,143
Due from governmental entities	9,602,967
Prepaid items	710,873
Inventory	270,240
Total current assets	21,593,637
Noncurrent assets:	
Capital assets not being depreciated	4,995,468
Capital assets, net of accumulated depreciation	31,369,808
Total noncurrent assets	36,365,276
<b>Total assets</b>	<b>57,958,913</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension plan items	4,290,152
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	691,995
Construction contracts payable	87,600
Accrued payroll and employee benefits	427,391
Compensated absences payable	628,000
Unearned revenues	933
Obligations under capital leases	374,319
Total current liabilities	2,210,238
Noncurrent liabilities:	
Non-current portion of long-term obligations	38,587,231
Total noncurrent liabilities	38,587,231
<b>Total liabilities</b>	<b>40,797,469</b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	2,220,770
 <b><u>NET POSITION</u></b>	
Investment in capital assets	36,277,676
Restricted	5,076,430
Unrestricted	(22,123,280)
<b>Total net position</b>	<b>\$ 19,230,826</b>

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

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

<b>Functions/Programs</b>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 27,575,779	\$ 1,367,593	\$ 3,576,582	\$ 2,090,029	\$ (20,541,575)
Support services - students and staff	5,721,212		2,099,523		(3,621,689)
Support services - administration	5,483,703	16,909	475,617		(4,991,177)
Operation and maintenance of plant services	6,826,894	7,860	337,729		(6,481,305)
Student transportation services	1,687,890		25,051		(1,662,839)
Operation of non-instructional services	4,088,634	292,343	3,768,555		(27,736)
Interest on long-term debt	247,052		247,052		
<b>Total governmental activities</b>	<u>\$ 51,631,164</u>	<u>\$ 1,684,705</u>	<u>\$ 10,530,109</u>	<u>\$ 2,090,029</u>	<u>\$ (37,326,321)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	6,383,219
Property taxes, levied for capital outlay	256,064
Investment income	61,629
Unrestricted county aid	955,714
Unrestricted state aid	31,212,749
Unrestricted federal aid	309,693
<b>Total general revenues</b>	<u>39,179,068</u>

**Changes in net position** 1,852,747

**Net position, beginning of year, as restated** 17,378,079

**Net position, end of year** \$ 19,230,826

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

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**FUND FINANCIAL STATEMENTS**

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General	Title I Grants	Other Federal Projects
<b><u>ASSETS</u></b>			
Cash and investments	\$ 6,491,577	\$	\$
Property taxes receivable	510,739		
Accounts receivable	29,945		
Due from governmental entities	7,194,256	257,819	682,786
Due from other funds	971,223		
Prepaid items	464,010	246,863	
Inventory	270,240		
<b>Total assets</b>	<b>\$ 15,931,990</b>	<b>\$ 504,682</b>	<b>\$ 682,786</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 264,426	\$ 114,407	\$ 31,764
Construction contracts payable			
Due to other funds		136,519	622,080
Accrued payroll and employee benefits	356,622	6,893	24,891
Unearned revenues			
<b>Total liabilities</b>	<b>621,048</b>	<b>257,819</b>	<b>678,735</b>
Deferred inflows of resources:			
Unavailable revenues - property taxes	425,020		
Unavailable revenues - intergovernmental		257,819	35,110
<b>Total deferred inflows of resources</b>	<b>425,020</b>	<b>257,819</b>	<b>35,110</b>
Fund balances (deficits):			
Nonspendable	734,250	246,863	
Restricted			
Unassigned	14,151,672	(257,819)	(31,059)
<b>Total fund balances</b>	<b>14,885,922</b>	<b>(10,956)</b>	<b>(31,059)</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 15,931,990</b>	 <b>\$ 504,682</b>	 <b>\$ 682,786</b>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 3,942,637	\$ 10,434,214
20,461	531,200
14,198	44,143
1,468,106	9,602,967
	971,223
	710,873
	270,240
<u>\$ 5,445,402</u>	<u>\$ 22,564,860</u>

\$ 281,398	\$ 691,995
87,600	87,600
212,624	971,223
38,985	427,391
933	933
<u>621,540</u>	<u>2,179,142</u>

17,114	442,134
80,313	373,242
<u>97,427</u>	<u>815,376</u>

	981,113
4,808,402	4,808,402
(81,967)	13,780,827
<u>4,726,435</u>	<u>19,570,342</u>

<u>\$ 5,445,402</u>	<u>\$ 22,564,860</u>
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**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**Total governmental fund balances** **\$ 19,570,342**

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	\$ 85,913,651	
Less accumulated depreciation	<u>(49,548,375)</u>	36,365,276

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

Property taxes	442,134	
Intergovernmental	<u>373,242</u>	815,376

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	4,290,152	
Deferred inflows of resources related to pensions	<u>(2,220,770)</u>	2,069,382

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

Compensated absences payable	(1,271,336)	
Obligations under capital leases	(3,743,194)	
Net pension liability	<u>(34,575,020)</u>	<u>(39,589,550)</u>

**Net position of governmental activities** **\$ 19,230,826**

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



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	General	Title I Grants	Other Federal Projects
<b>Revenues:</b>			
Other local	\$ 2,081,112	\$	\$
Property taxes	6,467,746		
State aid and grants	26,465,277		
Federal aid, grants and reimbursements	309,693	2,462,130	707,400
<b>Total revenues</b>	<b>35,323,828</b>	<b>2,462,130</b>	<b>707,400</b>
<b>Expenditures:</b>			
Current -			
Instruction	17,885,634	1,371,670	119,367
Support services - students and staff	3,416,342	751,523	65,963
Support services - administration	4,902,420	121,531	18,471
Operation and maintenance of plant services	5,753,510		72,148
Student transportation services	1,188,946		
Operation of non-instructional services	260,924		
Capital outlay	30,020	144,315	427,726
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<b>33,437,796</b>	<b>2,389,039</b>	<b>703,675</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,886,032</b>	<b>73,091</b>	<b>3,725</b>
<b>Other financing sources (uses):</b>			
Transfers in	1,037,370		
Transfers out	(374,719)	(126,951)	(30,945)
Insurance recoveries	3,973		
<b>Total other financing sources (uses)</b>	<b>666,624</b>	<b>(126,951)</b>	<b>(30,945)</b>
<b>Changes in fund balances</b>	<b>2,552,656</b>	<b>(53,860)</b>	<b>(27,220)</b>
<b>Fund balances (deficits), beginning of year, as restated</b>	<b>12,403,468</b>	<b>(203,959)</b>	<b>(3,839)</b>
Increase (decrease) in reserve for prepaid items	(16,605)	246,863	
Increase (decrease) in reserve for inventory	(53,597)		
<b>Fund balances (deficits), end of year</b>	<b>\$ 14,885,922</b>	<b>\$ (10,956)</b>	<b>\$ (31,059)</b>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,209,910	\$ 3,291,022
249,863	6,717,609
7,105,130	33,570,407
6,376,058	9,855,281
<u>14,940,961</u>	<u>53,434,319</u>
4,927,362	24,304,033
1,277,397	5,511,225
241,029	5,283,451
168,286	5,993,944
11,606	1,200,552
3,601,937	3,862,861
3,406,935	4,008,996
374,319	374,319
247,052	247,052
<u>14,255,923</u>	<u>50,786,433</u>
<u>685,038</u>	<u>2,647,886</u>
374,719	1,412,089
(879,474)	(1,412,089)
	3,973
<u>(504,755)</u>	<u>3,973</u>
<u>180,283</u>	<u>2,651,859</u>
4,619,091	16,814,761
	230,258
(72,939)	(126,536)
<u>\$ 4,726,435</u>	<u>\$ 19,570,342</u>

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

**Changes in fund balances - total governmental funds** **\$ 2,651,859**

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 expense.

Expenditures for capitalized assets	\$ 1,567,921	
Less current year depreciation	(2,080,269)	(512,348)

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

Property taxes	(78,326)	
Intergovernmental	123,945	45,619

Repayments of capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 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	2,939,297	
Pension expense	(3,638,533)	(699,236)

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.

Prepaid items	230,258	
Inventory	(126,536)	
Compensated absences	(111,188)	(7,466)

**Changes in net position in governmental activities** **\$ 1,852,747**

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

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes, and provides guidance as to how those activities should be reported. Student Activities and employee withholding accounts reported in the prior year as fiduciary activities do not meet these new fiduciary activities criteria and have been reclassified as special revenue governmental funds and the General Fund. Beginning balances of the governmental funds and governmental activities have been restated by \$3,037,902 accordingly.

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

**A. Reporting Entity**

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

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

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

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

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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. 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 and county 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 amount approximating their external exchange value.

**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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Property taxes, state and county aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. 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.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as 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.

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

Other Federal Projects – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

**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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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 deposit 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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

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**

Inventories of the General Fund are valued at cost using the weighted average method and inventories of the Food Service Fund, a non-major governmental fund, are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

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. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

**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, 2020**

**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 following estimated useful lives:

Land improvements	5 – 50 years
Buildings and improvements	20 – 50 years
Vehicles, furniture and equipment	3 – 15 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 position 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 position 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.

**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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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.

***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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

	General Fund	Title I Grants Fund	Other Federal Programs Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 270,240	\$	\$	\$
Prepaid items	464,010	246,863		
Restricted:				
Capital projects				1,347,826
Teacher compensation				1,396,554
Federal and state projects				701,212
Food service				603,894
Civic center				34,074
Community school				20,459
Extracurricular activities				150,191
Student activities				318,912
Other purposes				235,280
Unassigned	14,151,672	(257,819)	(31,059)	(81,967)
Total fund balances	\$ 14,885,922	\$ (10,956)	\$ (31,059)	\$ 4,726,435

**NOTE 3 – RESTRICTED NET POSITION**

The table below provides detail of the major components of the District’s restricted net position at year end.

	Governmental Activities
Restricted Net Position:	
Capital projects	\$ 1,364,940
Teacher compensation	1,396,554
Federal and state projects	952,126
Food service	603,894
Civic center	34,074
Community school	20,459
Extracurricular activities	150,191
Student activities	318,912
Other purposes	235,280
Total	\$ 5,076,430

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balance** – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	Deficit
Major Governmental Funds:	
Title I Grants	\$ 10,956
Other Federal Projects	31,059
Non-Major Governmental Funds:	
Promote Informed Parent Choice	1,039
Limited English and Immigrant Students	19,546
Special Education	20,909
Vocational Education	38,819
Insurance Refund	1,654

The deficits arose because of operations during the year and prior years and/or because of pending grant reimbursements. Additional revenues received in fiscal year 2020-21 are expected to eliminate the deficits.

**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 5 – 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 \$703,875 and the bank balance was \$1.2 million. At year end, \$439,897 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 State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pools approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 5 – CASH AND INVESTMENTS**

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 Maturities	Fair Value
County Treasurer’s investment pool	Less than one year	\$ 9,673,698
State Treasurer’s investment pool 5	47 days	56,641
Total		\$ 9,730,339

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

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

*Custodial Credit Risk – Investments.* The District’s investment in the State and County Treasurer’s investment pools 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 6 – 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 Fund	Title I Grants Fund	Other Federal Projects Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$ 8,256	\$ 257,819	\$ 682,786	\$ 547,113
Due from state government	7,089,995			888,833
Due from county government				21,659
Due from other districts	96,005			10,501
Net due from governmental entities	\$ 7,194,256	\$ 257,819	\$ 682,786	\$ 1,468,106

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – 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	\$	\$	\$ 4,905,313
Construction in progress	139,680	1,334,678	1,384,203	90,155
Total capital assets, not being depreciated	<u>5,044,993</u>	<u>1,334,678</u>	<u>1,384,203</u>	<u>4,995,468</u>
Capital assets, being depreciated:				
Land improvements	1,602,650			1,602,650
Buildings and improvements	72,259,891	1,347,140		73,607,031
Vehicles, furniture and equipment	5,522,438	270,306	84,242	5,708,502
Total capital assets being depreciated	<u>79,384,979</u>	<u>1,617,446</u>	<u>84,242</u>	<u>80,918,183</u>
Less accumulated depreciation for:				
Land improvements	(1,170,845)	(58,399)		(1,229,244)
Buildings and improvements	(42,532,457)	(1,737,610)		(44,270,067)
Vehicles, furniture and equipment	(3,849,046)	(284,260)	(84,242)	(4,049,064)
Total accumulated depreciation	<u>(47,552,348)</u>	<u>(2,080,269)</u>	<u>(84,242)</u>	<u>(49,548,375)</u>
Total capital assets, being depreciated, net	<u>31,832,631</u>	<u>(462,823)</u>		<u>31,369,808</u>
Governmental activities capital assets, net	<u>\$ 36,877,624</u>	<u>\$ 871,855</u>	<u>\$ 1,384,203</u>	<u>\$ 36,365,276</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,788,437
Support services – students and staff	1,698
Support services – administration	101,954
Operation and maintenance of plant services	119,992
Student transportation services	25,937
Operation of non-instructional services	42,251
Total depreciation expense – governmental activities	<u>\$2,080,269</u>

**Construction Commitments** – At year end, the District had contractual commitments related to various building improvements. At year end the District had spent \$90,155 on the projects and had estimated remaining contractual commitments of \$582,945. These projects are being funded by the School Facilities Board.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – 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 \$10.0 million in unused line of credit.

**NOTE 9 – OBLIGATIONS UNDER CAPITAL LEASES**

The District entered into a long-term lease agreement for the purchase of energy conservation upgrades. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund are transferred to the Energy and Water Savings Fund, a non-major governmental fund, to pay the capital lease obligation when due. The District receives a federal interest subsidy to fund the interest payments for the District-wide energy projects.

The assets acquired through capital leases for construction did not meet the District’s capitalization threshold.

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

Year Ending June 30:	<u>Governmental Activities</u>
2021	\$ 621,371
2022	621,371
2023	621,371
2024	621,371
2025	621,371
2026-30	<u>2,921,550</u>
Total minimum lease payments	6,028,405
Less: amount representing interest	<u>2,285,211</u>
Present value of minimum lease payments	<u>\$ 3,743,194</u>
Due within one year	<u>\$ 374,319</u>



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 – 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
<b>Governmental activities:</b>					
Obligations under capital leases	\$ 4,117,513	\$	\$ 374,319	\$ 3,743,194	\$ 374,319
Net pension liability	32,528,772	2,046,248		34,575,020	
Compensated absences payable	1,160,148	567,827	456,639	1,271,336	628,000
Governmental activity long-term liabilities	<u>\$ 37,806,433</u>	<u>\$ 2,614,075</u>	<u>\$ 830,958</u>	<u>\$ 39,589,550</u>	<u>\$ 1,002,319</u>

**NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Due to/from other fund** – At year end, the Title I Fund, Other Federal Projects Fund, and several non-major governmental funds had negative cash balances of \$136,519, \$622,080, and \$212,624, respectively 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 in		
	General Fund	Non-Major Governmental Funds	Total
<u>Transfers out</u>			
General Fund	\$	\$ 374,719	\$ 374,719
Title I Grants Fund	126,951		126,951
Other Federal Projects Fund	30,945		30,945
Non-Major Governmental Funds	879,474		879,474
Total	<u>\$ 1,037,370</u>	<u>\$ 374,719</u>	<u>\$ 1,412,089</u>

Transfers between funds were used (1) to move federal grant funds restricted for indirect costs, (2) for the repayment of capital lease principal, and (3) to move cash balances remaining in discontinued funds.

**NOTE 12 – 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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 13 – PRIOR PERIOD ADJUSTMENTS**

The July 1, 2019, government-wide net position and the fund balance of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements due to the implementation of GASB 84 and adjustments to cash balances to correct prior years’ revenue allocations between the General Fund and the Unrestricted Capital Outlay Fund, a non-major governmental fund.

	Statement of Activities	Governmental Funds	
		General Fund	Non-Major Governmental Funds
Net position/fund balance, June 30, 2019, as previously reported	\$ 14,340,177	\$ 10,148,047	\$ 3,836,610
Employee insurance withholding (GASB 84)	2,736,421	2,736,421	
Student activities (GASB 84)	301,481		301,481
Revenue allocation corrections		(481,000)	481,000
Net position/fund balance, July 1, 2019, as restated	<u>\$ 17,378,079</u>	<u>\$ 12,403,468</u>	<u>\$ 4,619,091</u>

**NOTE 14 – 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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 14 – RISK MANAGEMENT**

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.

**NOTE 15 – 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](http://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	

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – PENSIONS**

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.

**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 12.11 percent (11.94 percent for retirement and 0.17 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 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 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, 2020 were \$2.9 million.

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 10.41 percent (10.29 for retirement, 0.05 percent for health insurance premium benefit, and 0.07 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, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – PENSIONS**

At June 30, 2020, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2019, the District’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2018 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 34,575,020	0.238	0.004

**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, 2020 was \$3.6 million.

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	\$ 624,607	\$ 6,500
Changes of assumptions or other inputs	146,150	1,376,845
Net difference between projected and actual earnings on pension investments		777,127
Changes in proportion and differences between contributions and proportionate share of contributions	580,098	60,298
Contributions subsequent to the measurement date	2,939,297	
Total	\$ 4,290,152	\$ 2,220,770

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – PENSIONS**

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, 2021. 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:		
2021	\$	(207,663)
2022		(721,147)
2023		(149,241)
2024		208,136

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Inflation	2.3%
Projected salary increases	2.7-7.2%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – PENSIONS**

On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	6.09%
Credit	20	5.36
Interest rate sensitive bonds	10	1.62
Real estate	20	5.85
Total	<u>100%</u>	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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.

**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 7.5 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rate	6.5%	7.5%	8.5%
Net liability	\$ 49,208,261	\$ 34,575,020	\$ 22,345,395

**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](http://www.azasrs.gov).

**REQUIRED SUPPLEMENTARY INFORMATION**



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**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 1,735,167	\$ 1,735,167
Property taxes			6,467,746	6,467,746
State aid and grants			26,465,277	26,465,277
<b>Total revenues</b>			<u>34,668,190</u>	<u>34,668,190</u>
<b>Expenditures:</b>				
Current -				
Instruction	23,219,961	23,873,388	17,572,213	6,301,175
Support services - students and staff	2,659,208	2,659,208	3,409,872	(750,664)
Support services - administration	3,660,455	3,660,455	4,341,946	(681,491)
Operation and maintenance of plant services	5,737,303	5,737,303	5,710,789	26,514
Student transportation services	1,304,153	1,304,153	1,174,255	129,898
Operation of non-instructional services	244,433	244,433	227,796	16,637
<b>Total expenditures</b>	<u>36,825,513</u>	<u>37,478,940</u>	<u>32,436,871</u>	<u>5,042,069</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(36,825,513)</u>	<u>(37,478,940)</u>	<u>2,231,319</u>	<u>39,710,259</u>
<b>Other financing sources (uses):</b>				
Transfers out			(374,319)	(374,319)
<b>Total other financing sources (uses)</b>			<u>(374,319)</u>	<u>(374,319)</u>
<b>Changes in fund balances</b>	<u>(36,825,513)</u>	<u>(37,478,940)</u>	<u>1,857,000</u>	<u>39,335,940</u>
<b>Fund balances, beginning of year, as restated</b>			8,318,174	8,318,174
Increase (decrease) in reserve for prepaid items			(16,605)	(16,605)
Increase (decrease) in reserve for inventory			(53,597)	(53,597)
<b>Fund balances (deficits), end of year</b>	<u>\$ (36,825,513)</u>	<u>\$ (37,478,940)</u>	<u>\$ 10,104,972</u>	<u>\$ 47,583,912</u>

See accompanying notes to this schedule.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**TITLE I GRANTS**  
**YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 2,462,130	\$ 2,462,130
<b>Total revenues</b>			<u>2,462,130</u>	<u>2,462,130</u>
<b>Expenditures:</b>				
Current -				
Instruction	2,507,388	2,959,302	1,371,670	1,587,632
Support services - students and staff			751,523	(751,523)
Support services - administration			121,531	(121,531)
Capital outlay			144,315	(144,315)
<b>Total expenditures</b>	<u>2,507,388</u>	<u>2,959,302</u>	<u>2,389,039</u>	<u>570,263</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,507,388)</u>	<u>(2,959,302)</u>	<u>73,091</u>	<u>3,032,393</u>
<b>Other financing sources (uses):</b>				
Transfers out			(126,951)	(126,951)
<b>Total other financing sources (uses)</b>			<u>(126,951)</u>	<u>(126,951)</u>
<b>Changes in fund balances</b>	<u>(2,507,388)</u>	<u>(2,959,302)</u>	<u>(53,860)</u>	<u>2,905,442</u>
<b>Fund balances (deficits), beginning of year</b>			(203,959)	(203,959)
Increase (decrease) in reserve for prepaid items			246,863	246,863
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,507,388)</u>	<u>\$ (2,959,302)</u>	<u>\$ (10,956)</u>	<u>\$ 2,948,346</u>

See accompanying notes to this schedule.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**OTHER FEDERAL PROJECTS**  
**YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 707,400	\$ 707,400
<b>Total revenues</b>			<u>707,400</u>	<u>707,400</u>
<b>Expenditures:</b>				
Current -				
Instruction	352,000	2,052,000	119,367	1,932,633
Support services - students and staff			65,963	(65,963)
Support services - administration			18,471	(18,471)
Operation and maintenance of plant services			72,148	(72,148)
Capital outlay			427,726	(427,726)
<b>Total expenditures</b>	<u>352,000</u>	<u>2,052,000</u>	<u>703,675</u>	<u>1,348,325</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(352,000)</u>	<u>(2,052,000)</u>	<u>3,725</u>	<u>2,055,725</u>
<b>Other financing sources (uses):</b>				
Transfers out			(30,945)	(30,945)
<b>Total other financing sources (uses)</b>			<u>(30,945)</u>	<u>(30,945)</u>
<b>Changes in fund balances</b>	<u>(352,000)</u>	<u>(2,052,000)</u>	<u>(27,220)</u>	<u>2,024,780</u>
<b>Fund balances (deficits), beginning of year</b>			(3,839)	(3,839)
<b>Fund balances (deficits), end of year</b>	<u>\$ (352,000)</u>	<u>\$ (2,052,000)</u>	<u>\$ (31,059)</u>	<u>\$ 2,020,941</u>

See accompanying notes to this schedule.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension (assets) liability	0.24%	0.23%	0.23%	0.24%
District's proportionate share of the net pension (assets) liability	\$ 34,575,020	\$ 32,528,772	\$ 35,860,673	\$ 38,110,526
District's covered payroll	\$ 25,044,517	\$ 23,153,440	\$ 22,331,679	\$ 22,252,378
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	138.05%	140.49%	160.58%	171.26%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%

**SCHEDULE OF PENSION CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,939,297	\$ 2,799,977	\$ 2,523,725	\$ 2,407,355
Contributions in relation to the actuarially determined contribution	<u>2,939,297</u>	<u>2,799,977</u>	<u>2,523,725</u>	<u>2,407,355</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 25,670,716	\$ 25,044,517	\$ 23,153,440	\$ 22,331,679
Contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%

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.

See accompanying notes to this schedule.

**2016**

**2015**

June 30, 2015

June 30, 2014

0.24%

0.24%

\$ 36,722,665

\$ 36,176,767

\$ 21,672,332

\$ 22,007,561

169.44%

164.38%

68.35%

69.49%

**2016**

**2015**

\$ 2,414,383

\$ 2,360,117

2,414,383

2,360,117

\$

\$

\$ 22,252,378

\$ 21,672,332

10.85%

10.89%

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**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.
- 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 Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 33,437,796	\$ 14,885,922
Activity budgeted as special revenue funds	(955,453)	(2,090,001)
Employee insurance account	(45,472)	(2,690,949)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 32,436,871	\$ 10,104,972

**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, 2018, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation.

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



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**GOVERNMENTAL FUNDS**

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2020**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 2,945,703	\$ 996,934	\$ 3,942,637
Property taxes receivable		20,461	20,461
Accounts receivable	14,198		14,198
Due from governmental entities	1,032,961	435,145	1,468,106
<b>Total assets</b>	<u>\$ 3,992,862</u>	<u>\$ 1,452,540</u>	<u>\$ 5,445,402</u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 281,398	\$ 87,600	\$ 281,398
Construction contracts payable		87,600	87,600
Due to other funds	212,624		212,624
Accrued payroll and employee benefits	38,985		38,985
Unearned revenues	933		933
<b>Total liabilities</b>	<u>533,940</u>	<u>87,600</u>	<u>621,540</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		17,114	17,114
Unavailable revenues - intergovernmental	80,313		80,313
<b>Total deferred inflows of resources</b>	<u>80,313</u>	<u>17,114</u>	<u>97,427</u>
Fund balances (deficits):			
Restricted	3,460,576	1,347,826	4,808,402
Unassigned	(81,967)		(81,967)
<b>Total fund balances</b>	<u>3,378,609</u>	<u>1,347,826</u>	<u>4,726,435</u>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <u>\$ 3,992,862</u>	 <u>\$ 1,452,540</u>	 <u>\$ 5,445,402</u>

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 1,180,090	\$ 29,820	\$ 1,209,910
Property taxes		249,863	249,863
State aid and grants	4,319,038	2,786,092	7,105,130
Federal aid, grants and reimbursements	6,129,006	247,052	6,376,058
<b>Total revenues</b>	<u>11,628,134</u>	<u>3,312,827</u>	<u>14,940,961</u>
<b>Expenditures:</b>			
Current -			
Instruction	4,927,362		4,927,362
Support services - students and staff	1,277,397		1,277,397
Support services - administration	241,029		241,029
Operation and maintenance of plant services	168,286		168,286
Student transportation services	11,606		11,606
Operation of non-instructional services	3,601,937		3,601,937
Capital outlay	402,546	3,004,389	3,406,935
Debt service -			
Principal retirement		374,319	374,319
Interest and fiscal charges		247,052	247,052
<b>Total expenditures</b>	<u>10,630,163</u>	<u>3,625,760</u>	<u>14,255,923</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>997,971</u>	<u>(312,933)</u>	<u>685,038</u>
<b>Other financing sources (uses):</b>			
Transfers in	400	374,319	374,719
Transfers out	(879,474)		(879,474)
<b>Total other financing sources (uses)</b>	<u>(879,074)</u>	<u>374,319</u>	<u>(504,755)</u>
<b>Changes in fund balances</b>	<u>118,897</u>	<u>61,386</u>	<u>180,283</u>
<b>Fund balances, beginning of year, as restated</b>	3,332,651	1,286,440	4,619,091
Increase (decrease) in reserve for inventory	(72,939)		(72,939)
<b>Fund balances, end of year</b>	<u>\$ 3,378,609</u>	<u>\$ 1,347,826</u>	<u>\$ 4,726,435</u>

## **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.

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

**Promote Informed Parent Choice** - to account for financial assistance received to promote parent choices in the education of their students.

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

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

**Vocational Education** - to account for financial assistance received for preparation of individuals for employment or advancement in a career not requiring a baccalaureate or advanced degree.

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

**National Forest Fees** - to account for monies allocated for the purposes of benefiting public schools and public roads in counties where national forests are situated.

**E-Rate** - to account for financial resources received for broadband internet and telecommunications costs.

**State Vocational Education** - to account for financial assistance received for the preparation of individuals for employment.

**Gifted** - to account for financial assistance received for programs for gifted students.

**College Credit Exam Incentives** - to account for financial assistance received for college credit exams.

**Results-based Funding** - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

**Rural Assistance** - to account for state assistance received to assist homeless or special needs pupils.

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

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

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

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

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

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

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

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

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

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

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

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

**Indirect Costs** - to account for monies received from federal projects for administrative costs.

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

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

**Career Technical Education** - to account for monies received from Career Technical Education Districts for vocational education programs.

**District Services** - to account for the operation of District functions that provide goods or services to other District departments on a cost-reimbursement basis.

**Student Activities** - to account for monies raised by students to finance student clubs and organizations.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2020**

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 790,421	\$ 217,210	\$
Accounts receivable			
Due from governmental entities	246,790	142,133	21,659
<b>Total assets</b>	<b>\$ 1,037,211</b>	<b>\$ 359,343</b>	<b>\$ 21,659</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			21,659
Accrued payroll and employee benefits			
Unearned revenues			
<b>Total liabilities</b>			21,659
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	1,037,211	359,343	
Unassigned			
<b>Total fund balances</b>	<b>1,037,211</b>	<b>359,343</b>	
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 1,037,211</b>	 <b>\$ 359,343</b>	 <b>\$ 21,659</b>

<u>Promote Informed Parent Choice</u>	<u>Limited English &amp; Immigrant Students</u>	<u>Special Education Grants</u>	<u>Vocational Education</u>	<u>E-Rate</u>	<u>State Vocational Education</u>
\$	\$	\$	\$	\$ 374,580	\$ 933
1,039	19,546	20,909	130,664	49,793	
<u>\$ 1,039</u>	<u>\$ 19,546</u>	<u>\$ 20,909</u>	<u>\$ 130,664</u>	<u>\$ 424,373</u>	<u>\$ 933</u>
\$	\$	\$	\$	\$	\$
1,039	9,806 9,740	20,909	6,875 119,925 3,864		933
<u>1,039</u>	<u>19,546</u>	<u>20,909</u>	<u>130,664</u>		<u>933</u>
<u>1,039</u>	<u>19,546</u>	<u>20,909</u>	<u>38,819</u>		
(1,039)	(19,546)	(20,909)	(38,819)	424,373	
<u>(1,039)</u>	<u>(19,546)</u>	<u>(20,909)</u>	<u>(38,819)</u>	<u>424,373</u>	
<u>\$ 1,039</u>	<u>\$ 19,546</u>	<u>\$ 20,909</u>	<u>\$ 130,664</u>	<u>\$ 424,373</u>	<u>\$ 933</u>

(Continued)



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2020**

	College Credit Exam Incentives	Results-based Funding	Other State Projects
<b><u>ASSETS</u></b>			
Cash and investments	\$ 25,382	\$ 228,853	\$
Accounts receivable			
Due from governmental entities			64,765
<b>Total assets</b>	<b>\$ 25,382</b>	<b>\$ 228,853</b>	<b>\$ 64,765</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			37,632
Accrued payroll and employee benefits			4,529
Unearned revenues			
<b>Total liabilities</b>			<b>42,161</b>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	25,382	228,853	22,604
Unassigned			
<b>Total fund balances</b>	<b>25,382</b>	<b>228,853</b>	<b>22,604</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 25,382</b>	 <b>\$ 228,853</b>	 <b>\$ 64,765</b>

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>
\$ 541,485	\$ 34,074	\$ 38,478	\$ 150,191	\$ 222,766 14,198	\$ 1,405
325,162					
<u>\$ 866,647</u>	<u>\$ 34,074</u>	<u>\$ 38,478</u>	<u>\$ 150,191</u>	<u>\$ 236,964</u>	<u>\$ 1,405</u>
\$ 262,753	\$	\$	\$	\$ 11,770	\$
		18,019			
<u>262,753</u>	<u></u>	<u>18,019</u>	<u></u>	<u>11,770</u>	<u></u>
603,894	34,074	20,459	150,191	225,194	1,405
<u>603,894</u>	<u>34,074</u>	<u>20,459</u>	<u>150,191</u>	<u>225,194</u>	<u>1,405</u>
<u>\$ 866,647</u>	<u>\$ 34,074</u>	<u>\$ 38,478</u>	<u>\$ 150,191</u>	<u>\$ 236,964</u>	<u>\$ 1,405</u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2020**

	Textbooks	Insurance Refund	Career Technical Education
<b><u>ASSETS</u></b>			
Cash and investments	\$ 100	\$	\$ 913
Accounts receivable			
Due from governmental entities			10,501
<b>Total assets</b>	\$ 100	\$	\$ 11,414
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>			
<b><u>AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds		1,654	
Accrued payroll and employee benefits			2,833
Unearned revenues			
<b>Total liabilities</b>		1,654	2,833
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	100		8,581
Unassigned		(1,654)	
<b>Total fund balances</b>	100	(1,654)	8,581
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 100	\$	\$ 11,414

<u>Student Activities</u>	<u>Totals</u>
\$ 318,912	\$ 2,945,703
	14,198
	<u>1,032,961</u>
<u>\$ 318,912</u>	<u>\$ 3,992,862</u>

\$	\$ 281,398
	212,624
	38,985
	<u>933</u>
	<u>533,940</u>

	<u>80,313</u>
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318,912	3,460,576
	<u>(81,967)</u>
<u>318,912</u>	<u>3,378,609</u>

<u>\$ 318,912</u>	<u>\$ 3,992,862</u>
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**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<b>Revenues:</b>			
Other local	\$ 5,544	\$ 1,843	\$ 21,660
State aid and grants	2,961,463	260,339	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>2,967,007</u>	<u>262,182</u>	<u>21,660</u>
<b>Expenditures:</b>			
Current -			
Instruction	2,724,513	229,431	21,660
Support services - students and staff	85,865	2,414	
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>2,810,378</u>	<u>231,845</u>	<u>21,660</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>156,629</u>	<u>30,337</u>	<u></u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>	<u></u>	<u></u>	<u></u>
<b>Changes in fund balances</b>	<u>156,629</u>	<u>30,337</u>	<u></u>
<b>Fund balances (deficits), beginning of year, as restated</b>	880,582	329,006	
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ 1,037,211</u>	<u>\$ 359,343</u>	<u>\$</u>

Promote Informed Parent Choice	Limited English & Immigrant Students	Special Education Grants	Vocational Education	E-Rate	State Vocational Education
\$	\$	\$	\$	\$	\$
277,476	217,664	982,658	379,525	503,128	157,519
<u>277,476</u>	<u>217,664</u>	<u>982,658</u>	<u>379,525</u>	<u>503,128</u>	<u>157,519</u>
221,760	93,823	208,373	260,622		20,149
16,405	131,298	679,009	30,532		101,256
21,700		3,119	3,672	157,447	11,274
		3,550	1,764	145,883	3,564
		33,075	107,961		21,276
<u>259,865</u>	<u>225,121</u>	<u>927,126</u>	<u>404,551</u>	<u>303,330</u>	<u>157,519</u>
<u>17,611</u>	<u>(7,457)</u>	<u>55,532</u>	<u>(25,026)</u>	<u>199,798</u>	
<u>(13,955)</u>	<u>(12,089)</u>	<u>(49,332)</u>	<u>(4,098)</u>		
<u>(13,955)</u>	<u>(12,089)</u>	<u>(49,332)</u>	<u>(4,098)</u>		
<u>3,656</u>	<u>(19,546)</u>	<u>6,200</u>	<u>(29,124)</u>	<u>199,798</u>	
<u>(4,695)</u>		<u>(27,109)</u>	<u>(9,695)</u>	<u>224,575</u>	
<u>\$ (1,039)</u>	<u>\$ (19,546)</u>	<u>\$ (20,909)</u>	<u>\$ (38,819)</u>	<u>\$ 424,373</u>	<u>\$</u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Gifted</u>	<u>College Credit Exam Incentives</u>	<u>Results-based Funding</u>
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants	5,202	7,523	696,916
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>5,202</u>	<u>7,523</u>	<u>696,916</u>
<b>Expenditures:</b>			
Current -			
Instruction	930		473,064
Support services - students and staff	4,272		52,444
Support services - administration			21,902
Operation and maintenance of plant services			17,895
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>5,202</u>		<u>565,305</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>7,523</u>	<u>131,611</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>		<u>7,523</u>	<u>131,611</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		17,859	97,242
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 25,382</u>	<u>\$ 228,853</u>

Other State Projects	Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Gifts and Donations
\$ 230,076	\$ 300,970	\$ 8,090	\$ 17,300	\$ 34,862	\$ 219,818
<u>230,076</u>	<u>3,768,555</u>	<u>8,090</u>	<u>17,300</u>	<u>34,862</u>	<u>219,818</u>
	<u>4,069,525</u>				
28,910			55,825	7,062	55,073
141,576					23,677
	1,376		89		18,331
		4,508			
				1,491	1,237
	3,589,796				12,141
95,254	61,105		367		70,872
<u>265,740</u>	<u>3,652,277</u>	<u>4,508</u>	<u>56,281</u>	<u>8,553</u>	<u>181,331</u>
<u>(35,664)</u>	<u>417,248</u>	<u>3,582</u>	<u>(38,981)</u>	<u>26,309</u>	<u>38,487</u>
				400	
	<u>(800,000)</u>			<u>400</u>	
	<u>(800,000)</u>				
<u>(35,664)</u>	<u>(382,752)</u>	<u>3,582</u>	<u>(38,981)</u>	<u>26,709</u>	<u>38,487</u>
58,268	1,059,585	30,492	59,440	123,482	186,707
	(72,939)				
<u>\$ 22,604</u>	<u>\$ 603,894</u>	<u>\$ 34,074</u>	<u>\$ 20,459</u>	<u>\$ 150,191</u>	<u>\$ 225,194</u>

(Continued)



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Fingerprint	Textbooks	Insurance Refund
<b>Revenues:</b>			
Other local	\$ 9	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	9		
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			2,119
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>			2,119
<b>Excess (deficiency) of revenues over expenditures</b>	9		(2,119)
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	9		(2,119)
<b>Fund balances (deficits), beginning of year, as restated</b>	1,396	100	465
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ 1,405	\$ 100	\$ (1,654)

<u>Career Technical Education</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 53,566	\$ 516,428	\$ 1,180,090
		4,319,038
		6,129,006
<u>53,566</u>	<u>516,428</u>	<u>11,628,134</u>
27,170	498,997	4,927,362
8,649		1,277,397
		241,029
		168,286
		11,606
		3,601,937
12,636		402,546
<u>48,455</u>	<u>498,997</u>	<u>10,630,163</u>
5,111	17,431	997,971
		400
		(879,474)
		<u>(879,074)</u>
5,111	17,431	118,897
3,470	301,481	3,332,651
		(72,939)
<u>\$ 8,581</u>	<u>\$ 318,912</u>	<u>\$ 3,378,609</u>

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 5,544	\$ 5,544
State aid and grants		2,961,463	2,961,463
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>2,967,007</u>	<u>2,967,007</u>
<b>Expenditures:</b>			
Current -			
Instruction	3,992,493	2,724,513	1,267,980
Support services - students and staff		85,865	(85,865)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>3,992,493</u>	<u>2,810,378</u>	<u>1,182,115</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,992,493)</u>	<u>156,629</u>	<u>4,149,122</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(3,992,493)</u>	<u>156,629</u>	<u>4,149,122</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		880,582	880,582
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (3,992,493)</u>	<u>\$ 1,037,211</u>	<u>\$ 5,029,704</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,843 260,339	\$ 1,843 260,339	\$	\$ 21,660	\$ 21,660
	<u>262,182</u>	<u>262,182</u>		<u>21,660</u>	<u>21,660</u>
236,250	229,431 2,414	6,819 (2,414)	22,000	21,660	340
<u>236,250</u>	<u>231,845</u>	<u>4,405</u>	<u>22,000</u>	<u>21,660</u>	<u>340</u>
<u>(236,250)</u>	<u>30,337</u>	<u>266,587</u>	<u>(22,000)</u>		<u>22,000</u>
<u>(236,250)</u>	<u>30,337</u>	<u>266,587</u>	<u>(22,000)</u>		<u>22,000</u>
	329,006	329,006			
<u>\$ (236,250)</u>	<u>\$ 359,343</u>	<u>\$ 595,593</u>	<u>\$ (22,000)</u>	<u>\$</u>	<u>\$ 22,000</u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Promote Informed Parent Choice		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		277,476	277,476
<b>Total revenues</b>		<u>277,476</u>	<u>277,476</u>
<b>Expenditures:</b>			
Current -			
Instruction	303,888	221,760	82,128
Support services - students and staff		16,405	(16,405)
Support services - administration		21,700	(21,700)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>303,888</u>	<u>259,865</u>	<u>44,023</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(303,888)</u>	<u>17,611</u>	<u>321,499</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(13,955)	(13,955)
Insurance recoveries			
<b>Total other financing sources (uses)</b>		<u>(13,955)</u>	<u>(13,955)</u>
<b>Changes in fund balances</b>	<u>(303,888)</u>	<u>3,656</u>	<u>307,544</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		(4,695)	(4,695)
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (303,888)</u>	<u>\$ (1,039)</u>	<u>\$ 302,849</u>

Limited English & Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	217,664	217,664		982,658	982,658
	217,664	217,664		982,658	982,658
254,073	93,823 131,298	160,250 (131,298)	1,221,217	208,373 679,009 3,119 3,550	1,012,844 (679,009) (3,119) (3,550)
254,073	225,121	28,952	1,221,217	33,075 927,126	(33,075) 294,091
(254,073)	(7,457)	246,616	(1,221,217)	55,532	1,276,749
	(12,089)	(12,089)		(49,332)	(49,332)
	(12,089)	(12,089)		(49,332)	(49,332)
(254,073)	(19,546)	234,527	(1,221,217)	6,200 (27,109)	1,227,417 (27,109)
\$ (254,073)	\$ (19,546)	\$ 234,527	\$ (1,221,217)	\$ (20,909)	\$ 1,200,308

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Vocational Education		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		379,525	379,525
<b>Total revenues</b>		379,525	379,525
<b>Expenditures:</b>			
Current -			
Instruction	344,233	260,622	83,611
Support services - students and staff		30,532	(30,532)
Support services - administration		3,672	(3,672)
Operation and maintenance of plant services			
Student transportation services		1,764	(1,764)
Operation of non-instructional services			
Capital outlay		107,961	(107,961)
<b>Total expenditures</b>	344,233	404,551	(60,318)
<b>Excess (deficiency) of revenues over expenditures</b>	(344,233)	(25,026)	319,207
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(4,098)	(4,098)
Insurance recoveries			
<b>Total other financing sources (uses)</b>		(4,098)	(4,098)
<b>Changes in fund balances</b>	(344,233)	(29,124)	315,109
<b>Fund balances (deficits), beginning of year, as restated</b>		(9,695)	(9,695)
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (344,233)	\$ (38,819)	\$ 305,414

Medicaid Reimbursement			National Forest Fees		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,221	\$ 2,221	\$	\$	\$
	251,001	251,001		58,692	58,692
	253,222	253,222		58,692	58,692
250,000	26,026	223,974		6,470	(6,470)
	1,200	(1,200)			
	26,435	(26,435)			
250,000	53,661	196,339		6,470	(6,470)
(250,000)	199,561	449,561		52,222	52,222
(250,000)	199,561	449,561		52,222	52,222
	662,801	662,801		201,012	201,012
\$ (250,000)	\$ 862,362	\$ 1,112,362	\$	\$ 253,234	\$ 253,234

(Continued)



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		503,128	503,128
<b>Total revenues</b>		<u>503,128</u>	<u>503,128</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	200,000	157,447	42,553
Operation and maintenance of plant services		145,883	(145,883)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>200,000</u>	<u>303,330</u>	<u>(103,330)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(200,000)</u>	<u>199,798</u>	<u>399,798</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(200,000)</u>	<u>199,798</u>	<u>399,798</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		224,575	224,575
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (200,000)</u>	<u>\$ 424,373</u>	<u>\$ 624,373</u>

State Vocational Education			Gifted		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	157,519	157,519		5,202	5,202
	<u>157,519</u>	<u>157,519</u>		<u>5,202</u>	<u>5,202</u>
66,000	20,149	45,851	5,000	930	4,070
	101,256	(101,256)		4,272	(4,272)
	11,274	(11,274)			
	3,564	(3,564)			
	<u>21,276</u>	<u>(21,276)</u>			
<u>66,000</u>	<u>157,519</u>	<u>(91,519)</u>	<u>5,000</u>	<u>5,202</u>	<u>(202)</u>
<u>(66,000)</u>		<u>66,000</u>	<u>(5,000)</u>		<u>5,000</u>
<u>(66,000)</u>		<u>66,000</u>	<u>(5,000)</u>		<u>5,000</u>
<u>\$ (66,000)</u>	<u>\$</u>	<u>\$ 66,000</u>	<u>\$ (5,000)</u>	<u>\$</u>	<u>\$ 5,000</u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	College Credit Exam Incentives		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		7,523	7,523
Federal aid, grants and reimbursements			
<b>Total revenues</b>		7,523	7,523
<b>Expenditures:</b>			
Current -			
Instruction	25,000		25,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	25,000		25,000
<b>Excess (deficiency) of revenues over expenditures</b>	(25,000)	7,523	32,523
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(25,000)	7,523	32,523
<b>Fund balances (deficits), beginning of year, as restated</b>		17,859	17,859
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (25,000)	\$ 25,382	\$ 50,382

Results-based Funding			Rural Assistance		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 696,916	\$ 696,916	\$	\$	\$
	<u>696,916</u>	<u>696,916</u>			
800,000	473,064	326,936			
	52,444	(52,444)			
	21,902	(21,902)			
	17,895	(17,895)			
<u>800,000</u>	<u>565,305</u>	<u>234,695</u>			
<u>(800,000)</u>	<u>131,611</u>	<u>931,611</u>			
<u>(800,000)</u>	<u>131,611</u>	<u>931,611</u>			
	97,242	97,242		62,392	62,392
<u>\$ (800,000)</u>	<u>\$ 228,853</u>	<u>\$ 1,028,853</u>	<u>\$</u>	<u>\$ 62,392</u>	<u>\$ 62,392</u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		230,076	230,076
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>230,076</u>	<u>230,076</u>
<b>Expenditures:</b>			
Current -			
Instruction	550,000	28,910	521,090
Support services - students and staff		141,576	(141,576)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		95,254	(95,254)
<b>Total expenditures</b>	<u>550,000</u>	<u>265,740</u>	<u>284,260</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(550,000)</u>	<u>(35,664)</u>	<u>514,336</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(550,000)</u>	<u>(35,664)</u>	<u>514,336</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		58,268	58,268
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (550,000)</u>	<u>\$ 22,604</u>	<u>\$ 572,604</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 300,970	\$ 300,970
				3,768,555	3,768,555
				4,069,525	4,069,525
15,000		15,000		1,376	(1,376)
			4,000,000	3,589,796	410,204
				61,105	(61,105)
15,000		15,000	4,000,000	3,652,277	347,723
(15,000)		15,000	(4,000,000)	417,248	4,417,248
				(800,000)	(800,000)
				(800,000)	(800,000)
(15,000)		15,000	(4,000,000)	(382,752)	3,617,248
	33,245	33,245		1,059,585	1,059,585
				(72,939)	(72,939)
\$ (15,000)	\$ 33,245	\$ 48,245	\$ (4,000,000)	\$ 603,894	\$ 4,603,894

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 8,090	\$ 8,090
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>8,090</u>	<u>8,090</u>	<u>8,090</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	30,000	4,508	25,492
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>30,000</u>	<u>4,508</u>	<u>25,492</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(30,000)</u>	<u>3,582</u>	<u>33,582</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(30,000)</u>	<u>3,582</u>	<u>33,582</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		30,492	30,492
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (30,000)</u>	<u>\$ 34,074</u>	<u>\$ 64,074</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 17,300	\$ 17,300	\$	\$ 276,765	\$ 276,765
	<u>17,300</u>	<u>17,300</u>		<u>276,765</u>	<u>276,765</u>
130,000	55,825	74,175	500,000	257,693	242,307
	89	(89)		1,389	(1,389)
	367	(367)			
<u>130,000</u>	<u>56,281</u>	<u>73,719</u>	<u>500,000</u>	<u>259,082</u>	<u>240,918</u>
<u>(130,000)</u>	<u>(38,981)</u>	<u>91,019</u>	<u>(500,000)</u>	<u>17,683</u>	<u>517,683</u>
				(400)	(400)
				<u>(400)</u>	<u>(400)</u>
<u>(130,000)</u>	<u>(38,981)</u>	<u>91,019</u>	<u>(500,000)</u>	<u>17,283</u>	<u>517,283</u>
	59,440	59,440		209,318	209,318
<u>\$ (130,000)</u>	<u>\$ 20,459</u>	<u>\$ 150,459</u>	<u>\$ (500,000)</u>	<u>\$ 226,601</u>	<u>\$ 726,601</u>

(Continued)



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 34,862	\$ 34,862
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		34,862	34,862
<b>Expenditures:</b>			
Current -			
Instruction	150,000	7,062	142,938
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		1,491	(1,491)
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	150,000	8,553	141,447
<b>Excess (deficiency) of revenues over expenditures</b>	(150,000)	26,309	176,309
<b>Other financing sources (uses):</b>			
Transfers in		400	400
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>		400	400
<b>Changes in fund balances</b>	(150,000)	26,709	176,709
<b>Fund balances (deficits), beginning of year, as restated</b>		123,482	123,482
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (150,000)	\$ 150,191	\$ 300,191

Gifts and Donations			Fingerprint		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 219,818	\$ 219,818	\$	\$ 9	\$ 9
	<u>219,818</u>	<u>219,818</u>		<u>9</u>	<u>9</u>
250,000	55,073	194,927			
	23,677	(23,677)			
	18,331	(18,331)			
	1,237	(1,237)			
	12,141	(12,141)			
	70,872	(70,872)			
<u>250,000</u>	<u>181,331</u>	<u>68,669</u>			
<u>(250,000)</u>	<u>38,487</u>	<u>288,487</u>		<u>9</u>	<u>9</u>
<u>(250,000)</u>	<u>38,487</u>	<u>288,487</u>		<u>9</u>	<u>9</u>
	186,707	186,707		1,396	1,396
<u>\$ (250,000)</u>	<u>\$ 225,194</u>	<u>\$ 475,194</u>	<u>\$</u>	<u>\$ 1,405</u>	<u>\$ 1,405</u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 90	\$ 90
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>                    </u>	<u>                    90</u>	<u>                    90</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	15,000	1,943	13,057
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>          15,000</u>	<u>          1,943</u>	<u>          13,057</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>          (15,000)</u>	<u>          (1,853)</u>	<u>          13,147</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Insurance recoveries		3,973	3,973
<b>Total other financing sources (uses)</b>		<u>          3,973</u>	<u>          3,973</u>
<b>Changes in fund balances</b>	<u>          (15,000)</u>	<u>          2,120</u>	<u>          17,120</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		14,052	14,052
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>          \$ (15,000)</u>	<u>          \$ 16,172</u>	<u>          \$ 31,172</u>

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 2,224	\$ 2,224
				2,224	2,224
			40,000		40,000
			40,000		40,000
			(40,000)	2,224	42,224
			(40,000)	2,224	42,224
	100	100		2,662	2,662
\$	\$ 100	\$ 100	\$ (40,000)	\$ 4,886	\$ 44,886

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current -			
Instruction		5,000	(5,000)
Support services - students and staff			
Support services - administration	350,000	497,700	(147,700)
Operation and maintenance of plant services		39,578	(39,578)
Student transportation services			
Operation of non-instructional services		33,128	(33,128)
Capital outlay			
<b>Total expenditures</b>	350,000	575,406	(225,406)
<b>Excess (deficiency) of revenues over expenditures</b>	(350,000)	(575,406)	(225,406)
<b>Other financing sources (uses):</b>			
Transfers in		1,037,370	1,037,370
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>		1,037,370	1,037,370
<b>Changes in fund balances</b>	(350,000)	461,964	811,964
<b>Fund balances (deficits), beginning of year, as restated</b>		115,319	115,319
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (350,000)	\$ 577,283	\$ 927,283

Insurance Refund			Advertisement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 5,832	\$ 5,832
				5,832	5,832
			15,000		15,000
5,000	2,119	2,881			
<u>5,000</u>	<u>2,119</u>	<u>2,881</u>	<u>15,000</u>		<u>15,000</u>
<u>(5,000)</u>	<u>(2,119)</u>	<u>2,881</u>	<u>(15,000)</u>	<u>5,832</u>	<u>20,832</u>
<u>(5,000)</u>	<u>(2,119)</u>	<u>2,881</u>	<u>(15,000)</u>	<u>5,832</u>	<u>20,832</u>
	465	465		8,731	8,731
<u>\$ (5,000)</u>	<u>\$ (1,654)</u>	<u>\$ 3,346</u>	<u>\$ (15,000)</u>	<u>\$ 14,563</u>	<u>\$ 29,563</u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Career Technical Education		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 53,566	\$ 53,566
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	_____	53,566	53,566
<b>Expenditures:</b>			
Current -			
Instruction	694,000	27,170	666,830
Support services - students and staff		8,649	(8,649)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		12,636	(12,636)
<b>Total expenditures</b>	694,000	48,455	645,545
<b>Excess (deficiency) of revenues over expenditures</b>	(694,000)	5,111	699,111
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>	_____	_____	_____
<b>Changes in fund balances</b>	(694,000)	5,111	699,111
<b>Fund balances (deficits), beginning of year, as restated</b>		3,470	3,470
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (694,000)	\$ 8,581	\$ 702,581

District Services			Student Activities		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 58,813	\$ 58,813	\$	\$ 516,428	\$ 516,428
	<u>58,813</u>	<u>58,813</u>		<u>516,428</u>	<u>516,428</u>
250,000	24,702	225,298		498,997	(498,997)
	15,913	(15,913)			
	14,691	(14,691)			
	3,585	(3,585)			
<u>250,000</u>	<u>58,891</u>	<u>191,109</u>		<u>498,997</u>	<u>(498,997)</u>
<u>(250,000)</u>	<u>(78)</u>	<u>249,922</u>		<u>17,431</u>	<u>17,431</u>
<u>(250,000)</u>	<u>(78)</u>	<u>249,922</u>		<u>17,431</u>	<u>17,431</u>
	39,341	39,341		301,481	301,481
<u>\$ (250,000)</u>	<u>\$ 39,263</u>	<u>\$ 289,263</u>	<u>\$</u>	<u>\$ 318,912</u>	<u>\$ 318,912</u>

(Continued)



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,526,035	\$ 1,526,035
State aid and grants		4,319,038	4,319,038
Federal aid, grants and reimbursements		6,438,699	6,438,699
<b>Total revenues</b>		<u>12,283,772</u>	<u>12,283,772</u>
<b>Expenditures:</b>			
Current -			
Instruction	10,099,154	5,240,783	4,858,371
Support services - students and staff		1,283,867	(1,283,867)
Support services - administration	555,000	756,031	(201,031)
Operation and maintenance of plant services	60,000	211,007	(151,007)
Student transportation services		26,297	(26,297)
Operation of non-instructional services	4,000,000	3,635,065	364,935
Capital outlay		432,566	(432,566)
<b>Total expenditures</b>	<u>14,714,154</u>	<u>11,585,616</u>	<u>3,128,538</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(14,714,154)</u>	<u>698,156</u>	<u>15,412,310</u>
<b>Other financing sources (uses):</b>			
Transfers in		1,037,770	1,037,770
Transfers out		(879,874)	(879,874)
Insurance recoveries		3,973	3,973
<b>Total other financing sources (uses)</b>		<u>161,869</u>	<u>161,869</u>
<b>Changes in fund balances</b>	<u>(14,714,154)</u>	<u>860,025</u>	<u>15,574,179</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		4,681,524	4,681,524
Increase (decrease) in reserve for inventory		(72,939)	(72,939)
<b>Fund balances (deficits), end of year</b>	<u>\$ (14,714,154)</u>	<u>\$ 5,468,610</u>	<u>\$ 20,182,764</u>

## CAPITAL PROJECTS FUNDS

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

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

**Energy and Water Savings** - to account for capital investment monies, energy related rebate, or grant monies, and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

**Building Renewal Grant** - to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2020**

	Unrestricted Capital Outlay	Adjacent Ways	Energy and Water Savings
<b><u>ASSETS</u></b>			
Cash and investments	\$ 892,156	\$ 6,024	\$ 89,497
Property taxes receivable	20,461		
Due from governmental entities	412,645		
<b>Total assets</b>	<b>\$ 1,325,262</b>	<b>\$ 6,024</b>	<b>\$ 89,497</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>			
<b><u>AND FUND BALANCES</u></b>			
Liabilities:			
Construction contracts payable	\$ 65,100	\$	\$
<b>Total liabilities</b>	<b>65,100</b>		
Deferred inflows of resources:			
Unavailable revenues - property taxes	17,114		
Fund balances:			
Restricted	1,243,048	6,024	89,497
<b>Total fund balances</b>	<b>1,243,048</b>	<b>6,024</b>	<b>89,497</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 1,325,262</b>	 <b>\$ 6,024</b>	 <b>\$ 89,497</b>



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Unrestricted Capital Outlay	Adjacent Ways	Energy and Water Savings
<b>Revenues:</b>			
Other local	\$ 29,781	\$ 39	\$
Property taxes	249,863		
State aid and grants	1,525,670		
Federal aid, grants and reimbursements			247,052
<b>Total revenues</b>	1,805,314	39	247,052
<b>Expenditures:</b>			
Capital outlay	1,714,692		26,000
Debt service -			
Principal retirement			374,319
Interest and fiscal charges			247,052
<b>Total expenditures</b>	1,714,692		647,371
<b>Excess (deficiency) of revenues over expenditures</b>	90,622	39	(400,319)
<b>Other financing sources (uses):</b>			
Transfers in			374,319
<b>Total other financing sources (uses)</b>			374,319
<b>Changes in fund balances</b>	90,622	39	(26,000)
<b>Fund balances, beginning of year, as restated</b>	1,152,426	5,985	115,497
<b>Fund balances, end of year</b>	\$ 1,243,048	\$ 6,024	\$ 89,497

<u>Building Renewal Grant</u>	<u>Totals</u>
\$	\$ 29,820
	249,863
1,260,422	2,786,092
	247,052
<u>1,260,422</u>	<u>3,312,827</u>
1,263,697	3,004,389
	374,319
	247,052
<u>1,263,697</u>	<u>3,625,760</u>
<u>(3,275)</u>	<u>(312,933)</u>
	374,319
	<u>374,319</u>
<u>(3,275)</u>	<u>61,386</u>
12,532	1,286,440
<u>\$ 9,257</u>	<u>\$ 1,347,826</u>

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 29,781	\$ 29,781
Property taxes		249,863	249,863
State aid and grants		1,525,670	1,525,670
<b>Total revenues</b>		1,805,314	1,805,314
<b>Expenditures:</b>			
Capital outlay	2,954,355	1,714,692	1,239,663
Debt service - Principal retirement			
<b>Total expenditures</b>	2,954,355	1,714,692	1,239,663
<b>Excess (deficiency) of revenues over expenditures</b>	(2,954,355)	90,622	3,044,977
<b>Other financing sources (uses):</b>			
Transfers in			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(2,954,355)	90,622	3,044,977
<b>Fund balances, beginning of year, as restated</b>		1,152,426	1,152,426
<b>Fund balances (deficits), end of year</b>	\$ (2,954,355)	\$ 1,243,048	\$ 4,197,403

Adjacent Ways			Energy and Water Savings		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 39	\$ 39	\$	\$	\$
	<u>39</u>	<u>39</u>			
6,000		6,000	100,681	26,000	74,681
<u>6,000</u>		<u>6,000</u>	<u>374,319</u>	<u>374,319</u>	<u>74,681</u>
<u>(6,000)</u>	<u>39</u>	<u>6,039</u>	<u>(475,000)</u>	<u>(400,319)</u>	<u>74,681</u>
				<u>374,319</u>	<u>374,319</u>
				<u>374,319</u>	<u>374,319</u>
<u>(6,000)</u>	<u>39</u>	<u>6,039</u>	<u>(475,000)</u>	<u>(26,000)</u>	<u>449,000</u>
	5,985	5,985		115,497	115,497
<u>\$ (6,000)</u>	<u>\$ 6,024</u>	<u>\$ 12,024</u>	<u>\$ (475,000)</u>	<u>\$ 89,497</u>	<u>\$ 564,497</u>

(Continued)



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Building Renewal Grant		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
Property taxes			
State aid and grants		1,260,422	1,260,422
<b>Total revenues</b>		<u>1,260,422</u>	<u>1,260,422</u>
<b>Expenditures:</b>			
Capital outlay	1,275,248	1,263,697	11,551
Debt service - Principal retirement			
<b>Total expenditures</b>	<u>1,275,248</u>	<u>1,263,697</u>	<u>11,551</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,275,248)</u>	<u>(3,275)</u>	<u>1,271,973</u>
<b>Other financing sources (uses):</b>			
Transfers in			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(1,275,248)</u>	<u>(3,275)</u>	<u>1,271,973</u>
<b>Fund balances, beginning of year, as restated</b>		12,532	12,532
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,275,248)</u>	<u>\$ 9,257</u>	<u>\$ 1,284,505</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 29,820	\$ 29,820
	249,863	249,863
	2,786,092	2,786,092
	<u>3,065,775</u>	<u>3,065,775</u>
4,336,284	3,004,389	1,331,895
374,319	374,319	
<u>4,710,603</u>	<u>3,378,708</u>	<u>1,331,895</u>
<u>(4,710,603)</u>	<u>(312,933)</u>	<u>4,397,670</u>
	<u>374,319</u>	<u>374,319</u>
	<u>374,319</u>	<u>374,319</u>
<u>(4,710,603)</u>	<u>61,386</u>	<u>4,771,989</u>
	1,286,440	1,286,440
<u>\$ (4,710,603)</u>	<u>\$ 1,347,826</u>	<u>\$ 6,058,429</u>

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## STATISTICAL SECTION

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 36,277,676	\$ 36,877,624	\$ 37,486,289	\$ 38,529,030	\$ 40,119,052
Restricted	5,076,430	3,889,022	4,178,509	4,883,871	3,693,321
Unrestricted	<u>(22,123,280)</u>	<u>(26,426,469)</u>	<u>(30,070,102)</u>	<u>(31,752,175)</u>	<u>(33,679,724)</u>
Total net position	<u><u>\$ 19,230,826</u></u>	<u><u>\$ 14,340,177</u></u>	<u><u>\$ 11,594,696</u></u>	<u><u>\$ 11,660,726</u></u>	<u><u>\$ 10,132,649</u></u>
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 39,123,617	\$ 43,014,187	\$ 44,433,464	\$ 46,424,928	\$ 48,067,811
Restricted	3,633,377	3,309,623	2,945,307	3,291,140	3,634,815
Unrestricted	<u>(29,636,142)</u>	<u>5,357,054</u>	<u>5,978,755</u>	<u>6,987,397</u>	<u>7,299,567</u>
Total net position	<u><u>\$ 13,120,852</u></u>	<u><u>\$ 51,680,864</u></u>	<u><u>\$ 53,357,526</u></u>	<u><u>\$ 56,703,465</u></u>	<u><u>\$ 59,002,193</u></u>

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Expenses</b>					
Instruction	\$ 27,575,779	\$ 24,872,368	\$ 24,072,866	\$ 22,408,932	\$ 23,525,935
Support services - students and staff	5,721,212	5,229,905	5,449,204	5,276,967	5,483,484
Support services - administration	5,483,703	6,172,924	4,960,490	4,162,846	4,478,669
Operation and maintenance of plant services	6,826,894	5,790,573	5,636,155	5,867,444	6,604,096
Student transportation services	1,687,890	1,801,260	1,636,593	1,450,864	1,695,230
Operation of non-instructional services	4,088,634	3,977,145	4,135,684	3,996,101	3,766,708
Interest on long-term debt	247,052	247,052	247,052	247,052	247,052
Total expenses	51,631,164	48,091,227	46,138,044	43,410,206	45,801,174
<b>Program Revenues</b>					
Charges for services:					
Instruction	1,367,593	1,303,927	1,372,292	524,312	898,129
Operation of non-instructional services	292,343	363,154	352,739	542,971	645,256
Other activities	24,769	67,601	75,289	72,268	26,608
Operating grants and contributions	10,530,109	10,512,461	9,139,458	9,069,827	8,931,060
Capital grants and contributions	2,090,029	1,075,396	454,387	684,547	430,224
Total program revenues	14,304,843	13,322,539	11,394,165	10,893,925	10,931,277
 <b>Net (Expense)/Revenue</b>	 \$ (37,326,321)	 \$ (34,768,688)	 \$ (34,743,879)	 \$ (32,516,281)	 \$ (34,869,897)

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Expenses</b>					
Instruction	\$ 22,440,680	\$ 22,833,252	\$ 23,435,167	\$ 23,336,434	\$ 23,181,026
Support services - students and staff	4,905,221	5,011,712	5,563,174	5,414,032	5,141,271
Support services - administration	4,461,827	5,605,931	4,376,413	4,651,401	4,194,317
Operation and maintenance of plant services	5,936,508	5,942,992	7,416,269	6,417,548	5,469,394
Student transportation services	1,429,372	1,448,341	1,045,587	1,014,229	955,687
Operation of non-instructional services	3,467,581	3,290,374	3,467,143	3,167,870	3,137,343
Interest on long-term debt	185,289				
Total expenses	<u>42,826,478</u>	<u>44,132,602</u>	<u>45,303,753</u>	<u>44,001,514</u>	<u>42,079,038</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	819,582	888,926	1,134,003	1,076,381	702,344
Operation of non-instructional services	553,264	541,492	377,753	482,218	486,621
Other activities	9,995	11,552	41,880	43,684	69,121
Operating grants and contributions	8,955,372	8,983,843	10,346,138	9,289,318	10,861,067
Capital grants and contributions	663,486	845,392	836,780	1,405,375	869,134
Total program revenues	<u>11,001,699</u>	<u>11,271,205</u>	<u>12,736,554</u>	<u>12,296,976</u>	<u>12,988,287</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (31,824,779)</u>	<u>\$ (32,861,397)</u>	<u>\$ (32,567,199)</u>	<u>\$ (31,704,538)</u>	<u>\$ (29,090,751)</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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Net (Expense)/Revenue</b>	\$ (37,326,321)	\$ (34,768,688)	\$ (34,743,879)	\$ (32,516,281)	\$ (34,869,897)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	6,383,219	6,389,627	6,242,512	6,396,266	6,814,673
Property taxes, levied for capital outlay	256,064	143,657		701,519	183,584
Investment income	61,629	78,440	102,867	5,960	1,771
Unrestricted county aid	955,714	970,551	979,476	960,056	1,024,971
Unrestricted state aid	31,212,749	29,482,856	27,159,885	25,852,900	25,948,981
Unrestricted federal aid	309,693	449,038	187,251	127,657	339,244
<b>Total general revenues</b>	<b>39,179,068</b>	<b>37,514,169</b>	<b>34,671,991</b>	<b>34,044,358</b>	<b>34,313,224</b>
<b>Changes in Net Position</b>	<b>\$ 1,852,747</b>	<b>\$ 2,745,481</b>	<b>\$ (71,888)</b>	<b>\$ 1,528,077</b>	<b>\$ (556,673)</b>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Net (Expense)/Revenue</b>	\$ (31,824,779)	\$ (32,861,397)	\$ (32,567,199)	\$ (31,704,538)	\$ (29,090,751)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	6,183,049	6,735,592	5,610,350	5,813,395	4,767,206
Property taxes, levied for capital outlay	23,704	21,276	724	45,052	907,395
Investment income	2,347	1,882	4,526	14,177	14,318
Unrestricted county aid	1,089,235	1,083,233	1,120,660	1,006,745	867,640
Unrestricted state aid	24,850,383	23,309,790	22,316,870	22,367,166	23,587,092
Unrestricted federal aid	285,002	32,962	168,130	159,275	432,466
<b>Total general revenues</b>	<u>32,433,720</u>	<u>31,184,735</u>	<u>29,221,260</u>	<u>29,405,810</u>	<u>30,576,117</u>
<b>Changes in Net Position</b>	<u>\$ 608,941</u>	<u>\$ (1,676,662)</u>	<u>\$ (3,345,939)</u>	<u>\$ (2,298,728)</u>	<u>\$ 1,485,366</u>

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

**(Concluded)**

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
General Fund:					
Nonspendable	\$ 734,250	\$ 804,452	\$ 777,458	\$ 2,677,571	\$ 2,682,239
Unassigned	14,151,672	9,343,595	9,019,027	7,606,015	7,221,824
Total General Fund	\$ 14,885,922	\$ 10,148,047	\$ 9,796,485	\$ 10,283,586	\$ 9,904,063
All Other Governmental Funds:					
Nonspendable	\$ 246,863	\$ 72,939	\$ 41,240	\$ 25,204	\$ 39,488
Restricted	4,808,402	3,805,170	4,137,269	4,750,952	3,643,831
Unassigned	(370,845)	(249,297)	(213,910)	(1,855)	(20,365)
Total all other governmental funds	\$ 4,684,420	\$ 3,628,812	\$ 3,964,599	\$ 4,774,301	\$ 3,662,954

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nondisposable	\$ 2,865,844	\$ 2,024,019	\$ 2,607,564	\$ 2,679,399	\$ 2,785,723
Unassigned	4,302,740	3,807,294	4,451,606	4,586,499	4,932,394
Total General Fund	<u>\$ 7,168,584</u>	<u>\$ 5,831,313</u>	<u>\$ 7,059,170</u>	<u>\$ 7,265,898</u>	<u>\$ 7,718,117</u>
All Other Governmental Funds:					
Nondisposable	\$ 9,556	\$ 407,991	\$ 419,728	\$ 378,731	\$ 379,176
Restricted	6,223,608	2,899,240	2,260,605	2,900,870	3,016,894
Unassigned	(78,437)	(16,262)		(2,004)	(144,944)
Total all other governmental funds	<u>\$ 6,154,727</u>	<u>\$ 3,290,969</u>	<u>\$ 2,680,333</u>	<u>\$ 3,277,597</u>	<u>\$ 3,251,126</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)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 6,086,726	\$ 6,548,671	\$ 5,081,466	\$ 5,291,190	\$ 5,848,153
National School Lunch Program	3,768,555	3,570,255	3,481,969	3,694,711	3,240,734
Total federal sources	<u>9,855,281</u>	<u>10,118,926</u>	<u>8,563,435</u>	<u>8,985,901</u>	<u>9,088,887</u>
<b>State sources:</b>					
State equalization assistance	27,990,947	26,302,315	24,280,377	23,434,614	23,522,069
State grants	1,097,236	872,869	765,781	211,449	191,545
School Facilities Board	1,260,422	525,762	286,735	270,606	94,372
Other revenues	3,221,802	3,180,541	2,817,116	2,418,286	2,426,912
Total state sources	<u>33,570,407</u>	<u>30,881,487</u>	<u>28,150,009</u>	<u>26,334,955</u>	<u>26,234,898</u>
<b>Local sources:</b>					
Property taxes	6,717,609	6,565,472	6,319,994	7,196,232	7,076,126
County aid	955,714	970,551	979,476	960,056	1,024,971
Food service sales	292,343	363,154	373,883	342,784	366,488
Investment income	61,629	78,440	102,867	5,960	1,771
Other revenues	1,981,336	1,660,799	1,672,822	1,161,181	1,529,229
Total local sources	<u>10,008,631</u>	<u>9,638,416</u>	<u>9,449,042</u>	<u>9,666,213</u>	<u>9,998,585</u>
<b>Total revenues</b>	<u><u>\$ 53,434,319</u></u>	<u><u>\$ 50,638,829</u></u>	<u><u>\$ 46,162,486</u></u>	<u><u>\$ 44,987,069</u></u>	<u><u>\$ 45,322,370</u></u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Federal sources:</b>					
Federal grants	\$ 5,936,588	\$ 5,725,910	\$ 7,947,065	\$ 7,688,892	\$ 7,824,514
State Fiscal Stabilization (ARRA)					432,466
Education Jobs (ARRA)				16,469	1,073,039
National School Lunch Program	2,916,497	2,990,852	2,744,351	2,455,401	2,426,939
Total federal sources	<u>8,853,085</u>	<u>8,716,762</u>	<u>10,691,416</u>	<u>10,160,762</u>	<u>11,756,958</u>
<b>State sources:</b>					
State equalization assistance	22,521,165	21,000,432	20,475,833	20,669,750	22,165,959
State grants	340,421	191,669	389,872	505,982	64,142
School Facilities Board	578,636	734,523			
Other revenues	2,223,246	2,309,367	1,883,703	1,472,775	1,421,133
Total state sources	<u>25,663,468</u>	<u>24,235,991</u>	<u>22,749,408</u>	<u>22,648,507</u>	<u>23,651,234</u>
<b>Local sources:</b>					
Property taxes	6,239,069	6,246,607	6,139,340	5,838,045	6,035,404
County aid	1,089,235	1,083,233	1,120,660	1,006,745	867,640
Food service sales	321,490	283,342	377,753	482,218	486,621
Investment income	2,347	2,058	4,526	14,177	14,518
Other revenues	1,299,041	1,377,686	1,402,977	1,636,735	1,008,027
Total local sources	<u>8,951,182</u>	<u>8,992,926</u>	<u>9,045,256</u>	<u>8,977,920</u>	<u>8,412,210</u>
<b>Total revenues</b>	<u>\$ 43,467,735</u>	<u>\$ 41,945,679</u>	<u>\$ 42,486,080</u>	<u>\$ 41,787,189</u>	<u>\$ 43,820,402</u>

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

**(Concluded)**

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 24,304,033	\$ 23,962,674	\$ 21,544,161	\$ 20,533,977	\$ 20,410,639
Support services - students and staff	5,511,225	5,552,906	5,435,952	5,343,852	5,216,378
Support services - administration	5,283,451	6,185,603	4,540,920	4,171,939	4,162,357
Operation and maintenance of plant services	5,993,944	5,974,777	5,719,277	5,857,887	6,138,384
Student transportation services	1,200,552	1,467,980	1,361,996	1,330,052	1,366,153
Operation of non-instructional services	3,862,861	3,953,788	4,033,108	3,917,178	3,698,297
Capital outlay	4,008,996	2,966,909	2,325,749	1,700,991	3,847,257
Debt service -					
Interest and fiscal charges	247,052	247,052	247,052	247,052	247,052
Principal retirement	374,319	374,319	374,319	374,319	374,319
<b>Total expenditures</b>	<u>\$ 50,786,433</u>	<u>\$ 50,686,008</u>	<u>\$ 45,582,534</u>	<u>\$ 43,477,247</u>	<u>\$ 45,460,836</u>
Expenditures for capitalized assets	\$ 1,567,921	\$ 1,423,800	\$ 891,137	\$ 332,758	\$ 264,750
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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 20,508,378	\$ 20,051,550	\$ 19,979,335	\$ 20,060,538	\$ 20,875,644
Support services - students and staff	4,792,224	4,913,457	5,220,032	5,101,760	5,447,383
Support services - administration	4,369,418	4,913,313	4,532,917	4,291,553	4,424,062
Operation and maintenance of plant services	6,348,486	5,814,636	6,942,476	6,013,271	6,047,437
Student transportation services	1,348,739	1,347,043	830,545	798,821	813,024
Operation of non-instructional services	3,372,165	3,212,163	3,390,950	3,063,647	3,057,415
Capital outlay	4,400,186	1,715,456	2,362,979	2,776,578	2,011,502
Debt service -					
Interest and fiscal charges	185,289				
<b>Total expenditures</b>	<u>\$ 45,324,885</u>	<u>\$ 41,967,618</u>	<u>\$ 43,259,234</u>	<u>\$ 42,106,168</u>	<u>\$ 42,676,467</u>
Expenditures for capitalized assets	\$ 3,644,827	\$ 746,563	\$ 229,501	\$ 593,639	\$ 161,979
Debt service as a percentage of noncapital expenditures	0%	0%	0%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 2,647,886	\$ (47,179)	\$ 579,952	\$ 1,509,822	\$ (138,466)
<b>Other financing sources (uses):</b>					
Transfers in	1,412,089	846,396	1,256,598	1,958,049	387,081
Transfers out	(1,412,089)	(846,396)	(1,256,598)	(1,958,049)	(387,081)
Insurance recoveries	3,973	4,261	7,322		
Total other financing sources (uses)	3,973	4,261	7,322		
<b>Changes in fund balances</b>	\$ 2,651,859	\$ (42,918)	\$ 587,274	\$ 1,509,822	\$ (138,466)
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (1,857,150)	\$ (21,939)	\$ (773,154)	\$ (318,979)	\$ 1,143,935
<b>Other financing sources (uses):</b>					
Capital lease agreements	5,614,789				
Transfers in	296,355	371,284	358,998	378,009	1,289,709
Transfers out	(296,355)	(371,284)	(358,998)	(378,009)	(1,289,709)
Total other financing sources (uses)	5,614,789				
<b>Changes in fund balances</b>	\$ 3,757,639	\$ (21,939)	\$ (773,154)	\$ (318,979)	\$ 1,143,935

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	\$ 75,579,270	\$ 72,230,527	\$ 69,084,932	\$ 66,414,514	\$ 67,698,388
Agricultural and Vacant	7,048,384	6,948,129	7,156,336	7,428,020	8,189,154
Residential (Owner Occupied)	32,056,391	30,421,872	29,020,768	28,047,483	27,808,387
Residential (Rental)	11,996,396	11,686,260	11,480,384	11,349,489	11,024,605
Railroad, Private Cars and Airlines	821,785	850,875	873,388	795,164	837,159
Historical Property	264,024	254,776	245,531	248,289	256,823
Certain Government Property Improvements	18,238	17,832	18,555		
<b>Total</b>	<b>\$ 127,784,488</b>	<b>\$ 122,410,271</b>	<b>\$ 117,879,894</b>	<b>\$ 114,282,959</b>	<b>\$ 115,814,516</b>
Gross Full Cash Value	\$ 1,205,033,427	\$ 1,177,223,148	\$ 1,073,727,883	\$ 1,054,465,130	\$ 1,035,334,466
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	10%	11%	11%	11%
Total Direct Rate	5.66	5.87	5.90	6.82	6.55

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 67,274,676	\$ 66,475,415	\$ 72,052,584	\$ 72,946,427	\$ 79,448,555
Agricultural and Vacant	8,276,709	8,278,123	9,055,481	8,891,678	8,805,461
Residential (Owner Occupied)	28,267,349	32,454,833	37,472,296	44,495,621	50,665,379
Residential (Rental)	10,906,594	12,627,106	14,015,251	11,086,477	10,913,097
Railroad, Private Cars and Airlines	878,574	750,161	717,725	613,981	585,253
Historical Property	260,756	277,052	302,603	308,149	291,592
Certain Government Property Improvements					
<b>Total</b>	<b>\$ 115,864,658</b>	<b>\$ 120,862,690</b>	<b>\$ 133,615,940</b>	<b>\$ 138,342,333</b>	<b>\$ 150,709,337</b>
Gross Full Cash Value	\$ 1,024,131,950	\$ 1,057,679,595	\$ 1,164,547,766	\$ 1,222,714,962	\$ 1,241,827,641
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	12%
Total Direct Rate	5.88	5.61	5.16	4.68	4.41

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	\$ 79,605,505	\$ 78,209,448	\$ 70,732,495	\$ 67,826,278	\$ 68,357,520
Agricultural and Vacant	10,274,247	10,232,040	10,002,370	10,594,148	8,281,629
Residential (Owner Occupied)	37,633,238	36,257,926	32,499,584	31,478,951	28,456,853
Residential (Rental)	13,550,308	13,010,260	12,187,749	12,297,971	11,228,475
Railroad, Private Cars and Airlines	1,010,197	1,020,838	1,013,199	849,064	852,453
Historical Property	272,491	268,421	251,330	260,191	263,094
Certain Government Property Improvements	27,965	27,933	18,555		
<b>Total</b>	<b>\$ 142,373,951</b>	<b>\$ 139,026,866</b>	<b>\$ 126,705,282</b>	<b>\$ 123,306,603</b>	<b>\$ 117,440,024</b>
Gross Full Cash Value	\$ 1,205,033,427	\$ 1,177,223,148	\$ 1,073,727,883	\$ 1,054,465,130	\$ 1,035,334,466
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12%	12%	12%	12%	11%
Estimated Net Full Cash Value	\$ 1,023,464,523	\$ 997,177,042	\$ 908,206,646	\$ 883,500,051	\$ 811,634,791
Total Direct Rate	5.66	5.87	5.90	6.82	6.55

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 68,652,936	\$ 66,827,731	\$ 73,252,740	\$ 75,382,901	\$ 80,492,271
Agricultural and Vacant	8,410,864	8,413,798	9,413,432	9,587,128	9,742,155
Residential (Owner Occupied)	28,286,701	32,481,625	37,589,237	45,117,397	52,962,019
Residential (Rental)	10,916,924	12,659,089	14,111,982	11,344,063	11,266,885
Railroad, Private Cars and Airlines	886,339	756,856	730,503	680,959	692,215
Historical Property	260,756	273,458	304,839	314,080	313,985
Certain Government Property Improvements		3,594		2,354	
<b>Total</b>	<b>\$ 117,414,520</b>	<b>\$ 121,416,151</b>	<b>\$ 135,402,733</b>	<b>\$ 142,428,882</b>	<b>\$ 155,469,530</b>
Gross Full Cash Value	\$ 1,024,131,950	\$ 1,057,679,595	\$ 1,164,547,766	\$ 1,222,714,962	\$ 1,241,827,641
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	12%	12%	13%
Estimated Net Full Cash Value	\$ 801,405,009	\$ 839,759,842	\$ 935,073,952	\$ 992,856,504	\$ 1,085,334,090
Total Direct Rate	5.88	5.61	5.16	4.68	4.41

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	19 %
Agricultural and Vacant	15	15	15	15	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	14	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	19 %	20 %	20 %	20 %	21 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	16	15	15	15	17

**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**

<b>Fiscal Year Ended June 30</b>	<b>Overlapping Rates</b>								
	<b>State Equalization</b>	<b>County</b>	<b>Nogales Suburban F.D.</b>	<b>Flood Control District</b>	<b>Community College District</b>	<b>Fire District Assistance</b>	<b>District Direct Rates</b>		
							<b>Primary</b>	<b>Secondary</b>	<b>Total</b>
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	0.00	0.10	4.47	1.40	5.88
2014	0.51	3.42	3.25	0.68	0.00	0.10	4.25	1.36	5.61
2013	0.47	2.82	3.25	0.56	0.00	0.10	3.92	1.24	5.16
2012	0.00	2.82	3.25	0.56	0.00	0.10	3.50	1.18	4.68
2011	0.00	2.82	3.25	0.56	0.00	0.10	3.29	1.12	4.41

**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**

<u>Taxpayer</u>	<u>2020</u>		<u>2011</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
Unisource Energy Corporation	\$ 19,143,000	14.98 %	\$ 6,918,394	4.45 %
Delta Properties LLP	13,920,000	10.89	2,611,888	1.68
Union Pacific Railroad	2,956,000	2.31		
Crisantes Properties LLC	2,650,000	2.07		
Mariposa Shopping Center LP	2,612,000	2.04	1,803,447	1.16
Wal-Mart Stores Inc.	2,418,000	1.89	1,741,259	1.12
Alta Real Estate, LLC	2,057,000	1.61		
SOAC Properties Corporation	1,525,000	1.19		
Tubac Management Co. LLC	1,517,000	1.19	1,197,115	0.77
Qwest Corporation	1,441,000	1.13	2,036,651	1.31
Nogales Plaza Shopping Center			995,005	0.64
Vatere LLC			1,430,320	0.92
Lawyers Title Agency of AZ LLC			1,337,038	0.86
Rio Rico Properties			1,290,397	0.83
<b>Total</b>	<u><u>\$ 50,239,000</u></u>	<u><u>39.30 %</u></u>	<u><u>\$ 21,361,514</u></u>	<u><u>13.74 %</u></u>

**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
2020	\$ 6,451,725	\$ 6,057,904	93.90 %	\$	\$ 6,057,904	93.90 %
2019	6,455,083	6,038,250	93.54	398,641	6,436,891	99.72
2018	6,164,627	5,814,024	94.31	336,481	6,150,505	99.77
2017	7,215,860	6,798,942	94.22	402,645	7,201,587	99.80
2016	7,560,396	7,149,410	94.56	397,044	7,546,454	99.82
2015	6,302,910	5,866,725	93.08	425,729	6,292,454	99.83
2014	6,207,635	5,732,278	92.34	465,519	6,197,797	99.84
2013	6,305,308	5,844,337	92.69	452,428	6,296,765	99.86
2012	5,878,054	5,421,345	92.23	446,711	5,868,056	99.83
2011	5,959,257	5,414,606	90.86	536,435	5,951,041	99.86

**Source:** The source of this information is the 2020 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	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2020	\$	\$	\$	%	\$	\$ 3,743,194	\$ 3,743,194	0.31 %	\$ 172	N/A %
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										
2013										
2012										
2011										

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

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



**NOGALES UNIFIED SCHOOL DISTRICT NO. 1**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2020**

<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	\$ 2,099,413	100.00 %	\$ 2,099,413
Subtotal, Overlapping Debt			<u>2,099,413</u>
Direct:			
Nogales Unified School District No. 1			<u>3,743,194</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 5,842,607</u></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	\$ 96	
As a Percentage of Net Limited Assessed Valuation		1.64 %
As a Percentage of Gross Full Cash Value		0.17 %

**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, 2019 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 2020:**

Net full cash assessed valuation	\$ 142,373,951
Debt limit (20% of assessed value)	28,474,790
Debt applicable to limit	
Legal debt margin	<u><u>\$ 28,474,790</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2020:**

Net full cash assessed valuation	\$ 142,373,951
Debt limit (30% of assessed value)	42,712,185
Debt applicable to limit	
Legal debt margin	<u><u>\$ 42,712,185</u></u>

**Fiscal Year Ended June 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Limit	\$ 42,712,185	\$ 41,708,060	\$ 38,011,585	\$ 36,991,981	\$ 35,232,007
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 42,712,185</u></u>	<u><u>\$ 41,708,060</u></u>	<u><u>\$ 38,011,585</u></u>	<u><u>\$ 36,991,981</u></u>	<u><u>\$ 35,232,007</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 35,224,356	\$ 36,424,845	\$ 40,620,820	\$ 42,728,665	\$ 46,640,859
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 35,224,356</u></u>	<u><u>\$ 36,424,845</u></u>	<u><u>\$ 40,620,820</u></u>	<u><u>\$ 42,728,665</u></u>	<u><u>\$ 46,640,859</u></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>
2019	53,161	\$ N/A	\$ N/A	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
2012	47,303	1,322,797	27,964	19.2	20,751
2011	47,676	1,193,646	25,037	18.9	20,948
2010	47,420	1,189,267	25,056	16.2	20,878

**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 for 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2019, the source of the information is the Arizona Office of Employment and Population Statistics.

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

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2020</u>		<u>2011</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	1,150	6.01 %	430	2.27 %
Javid LLC	1,000	5.22		
Bureau of Customs and Border Patrol	670	3.50		
Nogales Unified School District	650	3.39	591	3.11
Becton Dickinson and Company	430	2.25		
United Parcel Service	420	2.19		
Otis Elevator Company	400	2.09		
Otis Elevator International Inc	400	2.09		
Dependable Nurses Inc	360	1.88		
Santa Cruz County	310	1.62	373	1.97
U.S. Border Patrol			638	3.36
U.S. Customs and Border Protection			425	2.24
Super Wal-Mart			412	2.17
City of Nogales			280	1.48
Mariposa Community Health Center, Inc.			233	1.23
Carondelet Health Network - Holy Cross Hospital			206	1.09
Tubac Golf Resort			170	0.90
Total	<u>5,790</u>	<u>30.24</u> %	<u>3,758</u>	<u>19.82</u> %
Total employment	<u>19,150</u>		<u>18,975</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**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Supervisory</b>					
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>
<b>Instruction</b>					
Teachers	281	281	281	281	281
Other professionals (instructional)	15	15	15	13	13
Aides	77	77	77	77	77
Total instruction	<u>373</u>	<u>373</u>	<u>373</u>	<u>371</u>	<u>371</u>
<b>Student Services</b>					
Librarians	3	3	3	3	3
Other	20	20	20	20	35
Total student services	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>38</u>
<b>Support and Administration</b>					
Clerical/secretarial/other workers	53	53	53	53	53
Custodial/maintenance/mechanic workers	56	62	62	62	62
Technicians	6	6	6	6	6
Security guard/truancy officer	18	18	18	18	18
Total support and administration	<u>133</u>	<u>139</u>	<u>139</u>	<u>139</u>	<u>139</u>
<b>Total</b>	<u><u>553</u></u>	<u><u>559</u></u>	<u><u>559</u></u>	<u><u>557</u></u>	<u><u>572</u></u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Supervisory</b>					
Consultants/supervisors of instruction	10	10	10	10	15
Principals	10	10	10	10	10
Assistant principals	4	4	4	4	5
Total supervisory	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>30</u>
<b>Instruction</b>					
Teachers	278	276	276	273	282
Other professionals (instructional)	13	13	14	14	16
Aides	77	77	77	75	78
Total instruction	<u>368</u>	<u>366</u>	<u>367</u>	<u>362</u>	<u>376</u>
<b>Student Services</b>					
Librarians	3	3	3	3	3
Other	35	35	37	37	42
Total student services	<u>38</u>	<u>38</u>	<u>40</u>	<u>40</u>	<u>45</u>
<b>Support and Administration</b>					
Clerical/secretarial/other workers	53	53	52	52	55
Custodial/maintenance/mechanic workers	62	62	62	61	62
Technicians	6	7	16	8	8
Security guard/truancy officer	18	18	8	15	15
Total support and administration	<u>139</u>	<u>140</u>	<u>138</u>	<u>136</u>	<u>140</u>
<b>Total</b>	<u><u>569</u></u>	<u><u>568</u></u>	<u><u>569</u></u>	<u><u>562</u></u>	<u><u>591</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**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
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
2013	5,624	40,896,255	7,272	3.17	45,303,753	8,055	2.15	367	15.3	81.5
2012	5,580	39,329,590	7,048	(2.30)	44,001,514	7,886	5.64	362	15.4	82.0
2011	5,637	40,664,965	7,214	(7.14)	42,079,038	7,465	(5.87)	376	15.0	81.0

**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**

	<b>Fiscal Year Ended June 30</b>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
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	2,266	2,366	2,391	2,581	2,678	2,355	2,355	2,545	2,630
<b>Middle</b>										
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	1,372	1,347	1,298	1,282	1,298	1,390	1,390	1,379	1,335
<b>High</b>										
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	1,868	1,930	1,896	1,800	1,810	1,880	1,880	1,807	1,834
<b><u>Administrative</u></b>										
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
<b><u>Transportation</u></b>										
Garages	2	2	2	2	2	2	2	2	2	2
<b><u>Athletics</u></b>										
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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