

**ASH FORK JOINT UNIFIED
SCHOOL DISTRICT NO. 31
REPORT ON AUDIT OF
FINANCIAL STATEMENTS AND REPORT ON
INTERNAL CONTROL AND ON
COMPLIANCE
FOR THE FISCAL YEAR
ENDED JUNE 30, 2021**

(This page intentionally left blank)

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31

<u>CONTENTS</u>	<u>Page</u>
REPORT ON AUDIT OF FINANCIAL STATEMENTS	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	7
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	25
Notes to Financial Statements	29
REQUIRED SUPPLEMENTARY INFORMATION	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund	50
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Results-based Funding Fund	51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – ESSER II	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Employee Insurance Program	53
Pension Schedules	54
Note to Required Supplementary Information	55

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31

Page

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES:

Combining Balance Sheet – Non-Major Governmental Funds – By Fund Type	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds – By Fund Type	59
Combining Balance Sheet – Non-Major Special Revenue Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds	64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – All Major Capital Projects Funds	68
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71

Certified Public Accountants

hbeg.com

90 East 200 North
St. George, UT 84770
(435) 673-6167

Independent Auditor's Report

Governing Board
Ash Fork Joint Unified School District No. 31
Ash Fork, AZ

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 Ash Fork Joint Unified School District No. 31 (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 of 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant 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 Ash Fork Joint Unified School District No. 31 as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in financial statement notes 1 and 2, the District adopted new accounting guidance of the Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021, 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 and budgetary comparison 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.

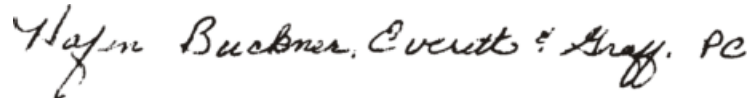
Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2022, on our consideration of the Ash Fork Joint Unified School District No. 31'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 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 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 Ash Fork Joint Unified School District No. 31's internal control over financial reporting and compliance.



HAFEN, BUCKNER, EVERETT & GRAFF, P.C.
St. George, Utah
April 5, 2022

(This page intentionally left blank)

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

(This page intentionally left blank)

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

As management of the Ash Fork Joint Unified School District No. 31, 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, 2021. We encourage readers to consider the information presented here in conjunction with the audited financial statements included in this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased by \$2.5 million which represents an 26.0 percent increase from the prior fiscal year.
- General revenues accounted for \$3.7 million in revenue, or 57.2 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2.8 million, or 42.8 percent of total revenues for the current fiscal year.
- The District had approximately \$4.0 million in expenses related to governmental activities; of which \$2.8 million of these expenses were offset by program specific charges for services or grants and contributions, and the remaining \$1.2 million were covered by general revenues which consisted of \$2.1 million in property taxes and \$1.2 million in state aid.
- Among major funds, the General Fund had \$2.7 million in current fiscal year revenues, which primarily consisted of property taxes and Federal and State aid, and \$2.6 million in expenditures. The General Fund's fund balance increased from \$3.3 million at the prior fiscal year end to \$3.5 million at the end of the current fiscal year primarily due to revenues exceeding expenditures.
- As described in footnote 1, the District adopted new accounting guidance of the Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principle.

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.

The statement of net position presents information on all of the District's assets and 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.

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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, operations 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 can be presented within the 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 decision. 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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Results-based Funding Fund, the Litigation Recovery Fund, the Unrestricted Capital Outlay Fund, 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.

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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. 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, Results Based Funding Fund, ESSER II, and Employee Insurance Program fund 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 of resources exceeded liabilities and deferred inflows of resources by \$12.1 million at the end of the current fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. 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.

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	As of <u>June 30, 2021</u>	As of <u>June 30, 2020</u>
Current assets	\$ 5,988,097	\$ 5,344,052
Noncurrent assets	8,644,610	6,622,829
Total assets, net	<u>14,632,707</u>	<u>11,966,881</u>
Deferred outflows	<u>552,400</u>	<u>377,892</u>
Current liabilities	479,008	405,248
Long-term obligations outstanding	<u>2,647,458</u>	<u>2,234,729</u>
Total liabilities	<u>3,126,466</u>	<u>2,639,977</u>
Deferred inflows	<u>7,280</u>	<u>152,722</u>
Net position:		
Invested in capital assets, net of related debt	8,644,610	6,622,829
Restricted	1,996,112	1,590,365
Unrestricted	<u>1,410,639</u>	<u>1,338,880</u>
Total net position	<u>\$ 12,051,361</u>	<u>\$ 9,552,074</u>

At the end of the current fiscal year the District reported positive balances in all categories of net position.

The District's financial position is the product of several financial transactions including the net result of activities, 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 depreciation of capital assets by \$384,601 during the fiscal year.
- Net pension liability increase of \$413,056.

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net position. The District's total revenues for the fiscal year ended June 30, 2021, were \$6.5 million. The total cost of all programs and services was \$4.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	<u>Fiscal Year Ended June 30, 2021</u>	<u>Fiscal Year Ended June 30, 2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 67,029	\$ 118,957
Operating grants and contributions	757,520	389,608
Capital grants and contributions	1,937,937	403,184
General revenues:		
Property taxes	2,122,414	2,494,949
Investment income	20,401	79,419
Unrestricted county aid	336,799	280,092
Unrestricted state aid	1,213,326	1,247,859
Total revenues	<u>6,455,426</u>	<u>5,014,068</u>
Expenses:		
Instruction	1,908,263	1,782,111
Support services - students and staff	275,660	204,271
Support services – administration	602,020	528,645
Operation and maintenance of plant services	660,222	409,361
Student transportation services	174,584	188,603
Operation of non-instructional services	350,167	396,492
Total expenses	<u>3,970,916</u>	<u>3,509,484</u>
Change in net position	2,484,510	1,504,584
Net position, beginning (restated)	9,566,851	8,047,490
Net position, ending	<u>\$ 12,051,361</u>	<u>\$ 9,552,074</u>

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following table presents the cost of the seven major District functional activities: instruction, support services - students and staff, support services - administration, operation and maintenance of plant services, student transportation services, operation of non-instructional services and interest on long-term debt. 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.

	<u>Year Ended June 30, 2021</u>		<u>Year Ended June 30, 2020</u>	
	<u>Total</u>		<u>Total</u>	
	<u>Expenses</u>	<u>Net (Expense)</u>	<u>Expenses</u>	<u>Net (Expense)</u>
Instruction	\$ 1,908,263	\$ 305,931	\$ 1,782,111	\$ (1,265,252)
Support services - students and staff	275,660	69,191	204,271	(109,534)
Support services – administration	602,020	(598,572)	528,645	(509,199)
Operation and maintenance of plant services	660,222		409,361	
		(658,557)		(389,492)
Student transportation services	174,584	(174,584)	188,603	(177,618)
Operation of non-instructional services	350,167	(151,840)	396,492	(146,640)
Total	<u>\$ 3,970,916</u>	<u>\$ (1,208,431)</u>	<u>\$ 3,509,484</u>	<u>\$ (2,597,735)</u>

- The cost of all governmental activities this year was \$4.0 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$2.8 million.
- Net cost of governmental activities (\$1.2 million) was financed by general revenues, which are made up of primarily property taxes (\$2.1 million) and State and County aid (\$1.6 million).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

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 \$5.5 million, an increase of \$556,666 due primarily to an effort by the District to decrease its expenditures and by revenues exceeding expenditures.

The General Fund comprises 63.7 percent of the total fund balance. The \$3.5 million of fund balance in the General Fund is unassigned.

The General Fund is the principal operating fund of the District. The net increase in the General fund was \$159,026 mostly due to the increase in state aid and grants during the year.

The Unrestricted Capital Outlay Fund's fund balance showed an increase of \$369,357 to \$1.4 million as of year-end.

The non-major governmental funds' fund balance showed an increase of \$28,283 to \$556,666 as of year-end.

BUDGETARY HIGHLIGHTS

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 variances are summarized as follows:

- There were significant variances for the final amended budget and actual revenues as a result of the State of Arizona not requiring the District to prepare a revenue budget.
- There was an increase of \$126,621 between the general fund original adopted budget and the final adopted budget. However, the final amounts spent were still less than the budgeted amounts.

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District had invested \$13.8 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. Total depreciation expense for the year was \$384,601.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2021 and June 30, 2020.

	As of June 30, 2021	As of June 30, 2020
Land and improvements	\$ 3,744,929	\$ 3,704,665
Buildings and improvements	9,146,818	6,826,628
Vehicles, furniture and equipment	941,097	898,593
Less: Accumulated depreciation	(5,188,234)	(4,911,734)
Total	\$ 8,644,610	\$ 6,518,152

In addition, the District completed various capital improvement projects totaling \$2,050,047 during the fiscal year. Additional information on the District's capital assets can be found in Note 6.

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 2021-22 budget. The primary factors were the District's student population and employee salaries, along with the local and national economies. These indicators were considered when developing and adopting the budget for fiscal year 2021-22. State aid and property taxes are expected to be the primary funding sources of the District.

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, Ask Fork Joint Unified School District No.31, P.O. Box 247, Ash Fork, AZ 86320. The District's web site may be accessed at www.afjusd.org.

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 5,651,314
Property taxes receivable	72,234
Due from governmental entities	264,549
Total current assets	5,988,097
Noncurrent assets:	
Land and improvements	3,744,929
Buildings and improvements	9,146,818
Vehicles, furniture and equipment	941,097
Accumulated depreciation	(5,188,234)
Total noncurrent assets	8,644,610
Total assets	14,632,707
 DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	552,400
 LIABILITIES	
Current liabilities:	
Accounts payable	205,364
Accrued payroll and employee benefits	144,877
Unearned revenues	113,275
Compensated absences payable	15,492
Total current liabilities	479,008
Noncurrent liabilities:	
Non-current portion of long-term obligations	2,647,458
Total non-current liabilities	2,647,458
Total liabilities	3,126,466
 DEFERRED INFLOWS OF RESOURCES	
Pension plan items	7,280
 NET POSITION	
Invested in capital assets, net of related debt	8,644,610
Restricted for:	
Federal and state projects	416,088
Food service	27,988
Other local initiatives	124,428
Capital outlay	1,427,608
Unrestricted	1,410,639
Total net position	\$ 12,051,361

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

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 1,908,263	\$ 42,571	\$ 233,687	\$ 1,937,937	\$ 305,931
Support services - students and staff	275,660	14,831	330,020		69,191
Support services - administration	602,020	3,448			(598,572)
Operation and maintenance of plant services	660,222	1,665			(658,557)
Student transportation services	174,584				(174,584)
Operation of non-instructional services	350,167	4,514	193,813		(151,840)
Total governmental activities	\$ 3,970,916	\$ 67,029	\$ 757,520	\$ 1,937,937	(1,208,431)
			General revenues:		
			Taxes:		
			Property taxes, levied for general purposes		1,591,603
			Property taxes, levied for capital outlay		530,812
			Investment income		20,401
			Unrestricted County aid		336,799
			Unrestricted State aid		1,213,326
			Total general revenues		3,692,941
			Changes in net position		2,484,510
			Net position, beginning of year (restated)		9,566,851
			Net position, end of year		\$ 12,051,361

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

(This page intentionally left blank)

FUND FINANCIAL STATEMENTS

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Results-based Funding	ESSER II	Unrestricted Capital Outlay	Building Renewal Grant	Employee Insurance Program	Non-Major Governmental Funds	Total Governmental Funds
Assets:								
Cash and investments	\$ 3,496,923	\$ 103,102	\$	\$ 1,412,088	\$	\$ 64,860	\$ 574,341	\$ 5,651,314
Property taxes receivable	53,473			18,761				72,234
Due from governmental entities			65,223		166,856		32,470	264,549
Due from other funds	83,438							83,438
Total assets	<u>\$ 3,633,834</u>	<u>\$ 103,102</u>	<u>\$ 65,223</u>	<u>\$ 1,430,849</u>	<u>\$ 166,856</u>	<u>\$ 64,860</u>	<u>\$ 606,811</u>	<u>\$ 6,071,535</u>
Liabilities, deferred inflows of resources, and fund balances:								
Liabilities:								
Accounts payable	\$ 25,348	\$	\$	\$ 3,241	\$ 166,856	\$	\$ 9,919	\$ 205,364
Accrued payroll and employee benefits	80,017					64,860		144,877
Due to other governments								
Due to other funds			65,223				18,215	83,438
Unearned revenues		103,102					10,173	113,275
Total liabilities	<u>105,365</u>	<u>103,102</u>	<u>65,223</u>	<u>3,241</u>	<u>166,856</u>	<u>64,860</u>	<u>38,307</u>	<u>546,954</u>
Deferred inflows of resources:								
Unavailable revenues - property taxes	38,516			12,288				50,804
Fund balances (deficits):								
Restricted				1,415,320			568,504	1,983,824
Unassigned	3,489,953							3,489,953
Total fund balances	<u>3,489,953</u>			<u>1,415,320</u>			<u>568,504</u>	<u>5,473,777</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,633,834</u>	<u>\$ 103,102</u>	<u>\$ 65,223</u>	<u>\$ 1,430,849</u>	<u>\$ 166,856</u>	<u>\$ 64,860</u>	<u>\$ 606,811</u>	<u>\$ 6,071,535</u>

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

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total governmental fund balances **\$ 5,473,777**

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	\$	13,832,844	
Less accumulated depreciation		<u>(5,188,234)</u>	8,644,610

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		552,400	
Deferred inflows of resources related to pensions		<u>(7,280)</u>	545,120

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

Property taxes			50,804
----------------	--	--	--------

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

Net pension liability		(2,642,294)	
Compensated absences payable		<u>(20,656)</u>	<u>(2,662,950)</u>

Net position of governmental activities **\$ 12,051,361**

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

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Results-based Funding	ESSER II	Unrestricted Capital Outlay	Building Renewal Grant	Employee Insurance Program	Non-Major Governmental Funds	Total Governmental Funds
Revenues:								
Other local	\$ 274,598	\$ 79	\$	\$ 95,939	\$	\$	\$ 58,369	\$ 428,985
Property taxes	1,587,071			537,481				2,124,552
State aid and grants	781,031	105,674		261,632	1,925,977		174,071	3,248,385
Federal aid, grants and reimbursements	49,274		151,847				454,520	655,641
Total revenues	<u>2,691,974</u>	<u>105,753</u>	<u>151,847</u>	<u>895,052</u>	<u>1,925,977</u>		<u>686,960</u>	<u>6,457,563</u>
Expenditures:								
Current -								
Instruction	1,210,655	105,753	104,650				234,262	1,655,320
Support services - students and staff	153,028						119,671	272,699
Support services - administration	582,747		15,104					597,851
Operation and maintenance of plant services	469,295		8,900				8,998	487,193
Student transportation services	115,061		8,938					123,999
Operation of non-instructional services	3,691						198,109	201,800
Capital outlay	25,187		5,125	525,695	1,925,977		80,051	2,562,035
Total expenditures	<u>2,559,664</u>	<u>105,753</u>	<u>142,717</u>	<u>525,695</u>	<u>1,925,977</u>		<u>641,091</u>	<u>5,900,897</u>
Excess (deficiency) of revenues over expenditures	<u>132,310</u>		<u>9,130</u>	<u>369,357</u>			<u>45,869</u>	<u>556,666</u>
Other financing sources (uses):								
Transfers in	26,716							26,716
Transfers out			(9,130)				(17,586)	(26,716)
Total other financing sources (uses)	<u>26,716</u>		<u>(9,130)</u>				<u>(17,586)</u>	
Changes in fund balances	159,026			369,357			28,283	556,666
Fund balances, beginning of year (restated)	3,330,927			1,045,963			540,221	4,917,111
Fund balances (deficits), end of year	<u>\$ 3,489,953</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,415,320</u>	<u>\$</u>	<u>\$</u>	<u>\$ 568,504</u>	<u>\$ 5,473,777</u>

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

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net changes in fund balances - total governmental funds **\$ 556,666**

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	4,471,360	
Less current year depreciation	<u>(384,601)</u>	4,086,759

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

Property Taxes		(2,137)
----------------	--	---------

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 pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	217,074	
Pension expense	<u>(310,180)</u>	(93,106)

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

Loss on disposal of assets	(2,064,978)	
Compensated absences	<u>1,306</u>	<u>(2,063,672)</u>

Change in net position in governmental activities **\$ 2,484,510**

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

(This page intentionally left blank)

NOTES TO THE FINANCIAL STATEMENTS

(This page intentionally left blank)

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ash Fork Joint Unified School District No. 31 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, 2021, the District implemented the provisions of GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes, and provides guidance as to how those activities should be reported. 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 \$14,776 accordingly. *The more significant of the District's accounting policies are described below.*

A. Reporting Entity

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

The Governing Board is organized under §15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. 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 District's major operations include education, student transportation, food service, and maintenance of District facilities.

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, §'s 2100 and 2600. The application of these criteria provides for identification of any entities for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Accordingly, for the year ending June 30, 2021, the District does not have any component units and is not a component unit of any other reporting entity.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-Wide Statements - Provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the District's governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not have any business-type activities.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

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

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements - Provide information about the District's funds. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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 Operations 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.

Results Based Funding (RBF) – The RBF fund accounts for transactions relating to the enhancement, expansion and replication of school sites that obtain required results. Revenues are made up of legislative appropriations.

Unrestricted Capital Outlay (UCO) – The UCO fund accounts for transactions relating to the acquisition of items by purchase, lease-purchase, or lease. Revenues include equalization assistance, tuition, property taxes and interest.

Building Renewal – The Building Renewal fund accounts for transactions relating to the improvement of existing District buildings. Revenues include a state facilities board grant.

ESSER II – The ESSER II fund accounts for monies received in connection with Covid-19 federal relief grants.

Employee Insurance Program Withholdings – The Employee Insurance Program Withholdings fund accounts for monies received from employees, monies contributed by a district, and monies received from former employees to be used for the payment of insurance premiums.

The District reports other governmental funds:

Special Revenue Funds - to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Project Funds - to account for the acquisition and construction of all major governmental general capital assets.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Basis of accounting

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the District funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The District applies grant resources to such programs before using general revenues.

Governmental Fund Financial Statements - Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Major revenue sources that are susceptible to accrual are property taxes, tuition, intergovernmental grants and aids, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. As permitted by generally accepted accounting principles it is the District's policy to apply the "early recognition" option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of any debt service principal and interest due early in the following year (usually one to several days, up to one month). Therefore, the expenditures and related liabilities have been recognized in the current period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Expenses and Expenditures

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred. In the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, expenditures are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental fund statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Investments

The District considers cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's local government investment pool, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash and cash equivalents.

Arizona Revised Statutes 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 in the Bond Building and Debt Service Funds, which may be invested separately.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pool, obligations issued or 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. The District may also invest these monies. 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.

F. Property Tax Calendar

Property tax levies are obtained by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10% from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which 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. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

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.

G. Interfund 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 any allowance for uncollectible.

H. Inventory

All inventories 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. 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 governmental fund financial statements.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. 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. Prepaid items are recorded as expenditures when purchased in the fund financial statements and are offset by a reserve of fund balance.

K. Capital Assets

Capital assets, which include land 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. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

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	15 - 20 years
Buildings and improvements	7 - 50 years
Vehicles, furniture and equipment	3 - 30 years

L. Deferred Outflows/Inflows of Resources

The Statement of Net Position and Balance Sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods. Delinquent property taxes that will not be collected within the 60 day availability period are reported as deferred inflows of resources in the governmental fund financial statements.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Accrued sick leave is earned by all full-time employees working at least 10 months a year, at a rate of 1 day a month, but does not vest. All twelve-month employees earn vacation at a rate of four days a year, with increases depending on length of service. The current and long-term liabilities, including related benefits, for accumulated vacation are reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Resources from the General and Special Revenue Funds are used to pay for compensated absences.

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, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related 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.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In the government-wide financial statements, net position is reported in three components:

Net investment in capital assets - Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by any outstanding debt used to acquire, construct, or improve these assets.

Restricted - Restricted net position is reported when constraints placed on the net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or by state legislation.

Unrestricted - Unrestricted net position is used to account for the net position balance that does not meet the definition of either of the first two categories of net position.

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.

R. Postemployment benefits

For purposes of measuring the net pension liabilities, 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.

S. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable fund balance - Amounts which cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories and prepaid items.

Restricted fund balance - Amounts with constraints placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or state legislation.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Governing Board. These amounts cannot be used for any other purposes unless the Governing Board removes or changes the specific purpose by taking the same kind of formal action previously used to commit these amounts. Adoption of the annual budget does not constitute a commitment as appropriations lapse at year end without Governing Board action. This also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by the Governing Board or body or official to which the Governing Board has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balance in governmental funds, other than the General Fund, includes all spendable amounts that are not restricted or committed, if that amount is positive. 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 procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

Unassigned fund balance - Spendable amounts in the General Fund that are not restricted, committed or assigned. The General Fund is the only fund that may report a positive unassigned fund balance amount. For governmental funds other than the General Fund, negative fund balances are reported here if restricted, committed, or assigned amounts exceed total spendable fund balance.

Hierarchy for use of fund balances - When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, the District uses restricted fund balance first. For the disbursement of unrestricted fund balances, the District uses committed amounts first, followed by assigned amounts, and, lastly, unassigned amounts.

Minimum fund balance policy - The District has not adopted a policy regarding maintenance of minimum fund balances.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

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

	General Fund	Results- based Funding	ESSER II	Building Renewal	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Fund Balances:						
Restricted:						
Capital projects	\$	\$	\$	\$	\$ 1,415,320	\$
Voter approved initiatives						416,088
Food services						27,988
Other purposes						124,428
Unassigned	<u>3,489,953</u>					
Total fund balances	<u>\$ 3,489,953</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,415,320</u>	<u>\$ 568,504</u>

NOTE 2 - IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Net position and fund balance as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Activities*.

	<u>Governmental Activities</u>	<u>Other Governmental Funds</u>
Net position/fund balance as		
Previously reported at June 30, 2020	\$ 9,552,074	\$ 4,902,335
Prior period adjustment – GASB 84:		
Employee insurance withholding		
Student activities	<u>14,776</u>	<u>14,776</u>
Net position/fund balance, July 1, 2020,		
As restated	<u>\$ 9,566,850</u>	<u>\$ 4,917,111</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 4 - CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$172,936 and the bank balance was \$174,604. At June 30, 2021, the entire amount of the District's deposits was covered by Federal Deposit Insurance Corporation (FDIC). The FDIC protects deposits in each bank the District uses against loss for the first \$250,000 of demand deposits and \$250,000 of time deposits.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CASH AND INVESTMENTS (Concl'd)

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

Valuation techniques. Equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and are 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.

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

	Weighted Average Maturity	Fair Value
County Treasurer's investment pool	1 to 5 years	\$ 5,478,943
Total		\$ 5,478,943

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

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

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

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - RECEIVABLES

Receivable balances, net of any 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 funds and non-major governmental funds in the aggregate, are as follows:

	General Fund	ESSER II	Building Renewal Fund	Unrestricted Capital Outlay	Non-Major Governmental Funds
Property taxes	\$ 53,473	\$	\$	\$ 18,761	\$
Due from other governmental entities:					
Due from Federal government		65,223			32,470
Due from State government			166,856		
Net Total Receivables	<u>\$ 53,473</u>	<u>\$ 65,223</u>	<u>\$ 166,856</u>	<u>\$ 18,761</u>	<u>\$ 32,470</u>

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2021 follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 178,478	\$	\$	\$ 178,478
Construction in Progress	104,677	1,945,370	(2,050,047)	
Total capital assets, not being depreciated	<u>283,155</u>	<u>1,945,370</u>	<u>(2,050,047)</u>	<u>178,478</u>
Capital assets, being depreciated:				
Land improvements	3,526,187	40,264		3,566,451
Buildings and improvements	6,826,628	2,320,190		9,146,818
Vehicles, furniture and equipment	898,593	165,536	(123,032)	941,097
Total capital assets being depreciated	<u>11,251,408</u>	<u>2,525,990</u>	<u>(123,032)</u>	<u>13,654,366</u>
Less accumulated depreciation for:				
Land improvements	(1,808,805)	(162,046)		(1,970,851)
Buildings and improvements	(2,569,967)	(168,998)		(2,738,965)
Vehicles, furniture and equipment	(532,962)	(53,557)	108,101	(478,418)
Total accumulated depreciation	<u>(4,911,734)</u>	<u>(384,601)</u>	<u>108,101</u>	<u>(5,188,234)</u>
Total capital assets, being depreciated, net	<u>6,339,674</u>	<u>2,141,389</u>	<u>(14,931)</u>	<u>8,466,132</u>
Governmental activities capital assets, net	<u>\$ 6,622,829</u>	<u>\$ 4,086,759</u>	<u>\$(2,064,978)</u>	<u>\$ 8,644,610</u>

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 143,507
Support services - students and staff	1,645
Support services – administration	4,355
Operation and maintenance of plant services	70,385
Student transportation services	32,933
Operation of non-instructional services	131,776
Total depreciation expense - governmental activities	<u>\$ 384,601</u>

NOTE 7 - OPERATING LEASES

Operating Leases – The District leases copiers under the provisions of a long-term lease agreement classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$17,963 for the year ended June 30, 2021.

The future minimum rental payments required under the operating leases at year end, were as follows:

Year Ending June 30:		
	2022	\$ 11,630
	2023	11,630
	2024	11,630
	2025	11,630
	2026	8,538
Total minimum lease payments		<u>\$ 55,058</u>

NOTE 8 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Net pension liability	\$ 2,229,238	\$ 413,056	\$	\$ 2,642,294	\$
Compensated absences	21,963	37,661	38,968	20,656	15,492
Governmental activity long-term liabilities	<u>\$ 2,251,201</u>	<u>\$ 450,717</u>	<u>\$ 38,968</u>	<u>\$ 2,662,950</u>	<u>\$ 15,492</u>

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

At year end, there were funds within the non-major funds that had a negative cash balance in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds within the non-major funds. All interfund balances are expected to be paid within one year.

Interfund transfers:

		Due from		
		Non-Major Governmental Funds	ESSER II	Total
Due to	General Fund	\$ 18,215	\$ 65,223	\$ 83,438
	Total	\$ 18,215	\$ 65,223	\$ 83,438

Transfers between funds were used to move Federal grant funds restricted for indirect costs.

NOTE 10 - 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.

Lawsuits - The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 11 - 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 continues to carry commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSIONS

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

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

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

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

*With actuarially reduced benefits

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

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSIONS (Cont'd)

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 12.22 percent (12.04 percent for retirement and 0.18 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 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2021 were \$217,074.

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 10.21 percent (10.14 for retirement 0.07 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension 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, 2020. 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, 2019, to the measurement date of June 30, 2020. 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 employer's contributions to the plan for the year ended June 30, 2020.

At June 30, 2021 the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2020, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2019 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 2,642,294	0.01525	(.00007)

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, 2021 was \$310,180.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSIONS (Cont'd)

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	\$ 23,904	\$
Changes of assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments	254,852	
Changes in proportion and differences between contributions and proportionate share of contributions	56,570	7,280
Contributions subsequent to the measurement date	217,074	
Total	\$ 552,400	\$ 7,280

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, 2022. 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:		
2022	\$	82,338
2023		74,700
2024		92,183
2025		78,825

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Salary increases	2.7-7.2%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2019 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 study did not include an analysis of the assumed investment rate of return.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12– PENSIONS (Cont’d)

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.50 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 and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.39%
Credit	20	5.44
Interest rate sensitive bonds	10	0.22
Real Estate	20	5.85
Total	100%	

Discount Rate. The discount rate used to measure the ASRS 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 pension plan 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:

	1% Decrease	Current Discount Rate	1% Increase
Rate	(6.5%)	(7.5%)	(8.5%)
Net liability	\$ 3,613,302	\$ 2,642,294	\$ 1,830,582

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12– PENSIONS (Concl'd)

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.

REQUIRED SUPPLEMENTARY INFORMATION

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 257,309	\$ 257,309
Property taxes			1,587,071	1,587,071
State aid and grants			781,031	781,031
Total revenues			<u>2,625,411</u>	<u>2,625,411</u>
Expenditures:				
Current -				
Instruction	3,243,898	3,243,898	1,185,970	2,057,928
Support services - students and staff	713,022	713,022	139,493	573,529
Support services - administration	713,562	713,562	566,466	147,096
Operation and maintenance of plant services	319,170	466,843	419,045	47,798
Student transportation services	415,000	361,002	113,266	247,736
Operation of non-instructional services	57,811	90,757	3,691	87,066
Total expenditures	<u>5,462,463</u>	<u>5,589,084</u>	<u>2,427,931</u>	<u>3,161,153</u>
Excess (deficiency) of revenues over expenditures	<u>(5,462,463)</u>	<u>(5,589,084)</u>	<u>197,480</u>	<u>5,786,564</u>
Other financing sources (uses):				
Transfers in			6	6
Transfers out				
Total other financing sources (uses)			<u>6</u>	<u>6</u>
Change in fund balances	(5,462,463)	(5,589,084)	197,486	5,786,570
Fund balances (deficits), beginning of year			3,026,642	3,026,642
Fund balances, end of year	<u>\$ (5,462,463)</u>	<u>\$ (5,589,084)</u>	<u>\$ 3,224,128</u>	<u>\$ 8,813,212</u>

See accompanying notes to this schedule.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RESULTS-BASED FUNDING
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 79	\$ 79
State aid and grants			105,674	105,674
Total revenues			<u>105,753</u>	<u>105,753</u>
Expenditures:				
Current-				
Instruction	110,000	110,000	105,753	4,247
Total expenditures	<u>110,000</u>	<u>110,000</u>	<u>105,753</u>	<u>4,247</u>
Excess (deficiency) of revenues over expenditures	<u>(110,000)</u>	<u>(110,000)</u>		<u>110,000</u>
Other financing sources (uses):				
Transfers out				
Total other financing sources (uses)				
Change in fund balances	<u>(110,000)</u>	<u>(110,000)</u>		<u>110,000</u>
Fund balances, beginning of the year				
Fund balances, end of the year	<u>\$ (110,000)</u>	<u>\$ (110,000)</u>	<u>\$</u>	<u>\$ 110,000</u>

See accompanying notes to this schedule.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ESSER II
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Other local	\$	\$	\$	\$
Federal aid and grants			151,847	151,847
Total revenues			<u>151,847</u>	<u>151,847</u>
Expenditures:				
Current-				
Instruction	163,300	163,300	104,650	58,650
Support services - administration			15,104	(15,104)
Operation and maintenance of plant services			8,900	(8,900)
Student transportation services			5,125	(5,125)
Operation of non-instructional services			8,938	(8,938)
Total expenditures	<u>163,300</u>	<u>163,300</u>	<u>142,717</u>	<u>20,583</u>
Excess (deficiency) of revenues over expenditures	<u>(163,300)</u>	<u>(163,300)</u>	<u>9,130</u>	<u>172,430</u>
Other financing sources (uses):				
Transfers out			(9,130)	(9,130)
Total other financing sources (uses)			<u>(9,130)</u>	<u>(9,130)</u>
Change in fund balances	<u>(163,300)</u>	<u>(163,300)</u>		<u>163,300</u>
Fund balances, beginning of the year				
Fund balances, end of the year	<u>\$ (163,300)</u>	<u>\$ (163,300)</u>	<u>\$</u>	<u>\$ 163,300</u>

See accompanying notes to this schedule.

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - EMPLOYEE INSURANCE PROGRAM
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$	\$
State aid and grants				
Total revenues				
Expenditures:				
Current-				
Instruction				
Total expenditures				
Excess (deficiency) of revenues over expenditures				
Other financing sources (uses):				
Transfers out				
Total other financing sources (uses)				
Change in fund balances				
Fund balances, beginning of the year				
Fund balances, end of the year	\$	\$	\$	\$

See accompanying notes to this schedule.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (asset) liability	0.015%	0.015%	0.014%	0.014%	0.02%	0.02%	0.02%
District's proportionate share of the net pension liability (asset)	\$ 2,642,294	\$ 2,229,238	\$ 1,965,059	\$ 2,135,751	\$ 2,425,993	\$ 2,662,728	\$ 2,537,898
District's covered payroll	\$ 1,650,130	\$ 1,615,814	\$ 1,400,312	\$ 1,322,970	\$ 1,580,313	\$ 1,564,270	\$ 1,582,221
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	160.13%	137.96%	140.33%	161.44%	153.51%	170.22%	160.40%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 218,315	\$ 188,940	\$ 180,648	\$ 152,634	\$ 142,617	\$ 171,464	\$ 170,349
Contributions in relation to the statutorily required contribution	<u>218,315</u>	<u>188,940</u>	<u>180,648</u>	<u>152,634</u>	<u>142,617</u>	<u>171,464</u>	<u>170,349</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 1,873,948	\$ 1,650,130	\$ 1,615,814	\$ 1,400,312	\$ 1,322,970	\$ 1,580,313	\$ 1,564,270
Contributions as a percentage of covered payroll	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.89%

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 the schedule.

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

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

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.

The following schedule reconciles expenditures, other financing sources (uses), fund balance at the end of the year.

	Total Expenditures	Other Financing Sources/ (Uses)	Fund Balance, June 30, 2021
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 2,559,664	\$ 26,716	\$ 3,489,953
Fiscal year 2020-21 activity budgeted as special revenue funds	(131,733)	(26,716)	(265,825)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 2,427,931	\$	\$ 3,224,128

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, 2019, 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 SCHEDULES

(This page intentionally left blank)

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2021

	Special Revenues	Capital Projects	Total Non-Major Governmental Funds
Assets:			
Cash and investments	\$ 574,341	\$	\$ 574,341
Due from governmental entities	32,470		32,470
Total assets	\$ 606,811	\$	\$ 606,811
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 9,919	\$	\$ 9,919
Due to other funds	18,215		18,215
Unearned revenues	10,173		10,173
Total liabilities	38,307		38,307
Deferred inflows of resources:			
Unavailable revenues - property taxes			
Fund balances (deficits):			
Restricted	568,504		568,504
Total fund balances	568,504		568,504
Total liabilities and fund balances	\$ 606,811	\$	\$ 606,811

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2021

	<u>Special Revenues</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 58,369	\$	\$ 58,369
State aid and grants	174,071		174,071
Federal aid, grants and reimbursement:	454,520		454,520
Total revenues	<u>686,960</u>		<u>686,960</u>
Expenditures:			
Current -			
Instruction	234,262		234,262
Support services - students and staff	119,671		119,671
Operation and maintenance of plant services	8,998		8,998
Operation of non-instructional services	198,109		198,109
Capital outlay	80,051		80,051
Total expenditures	<u>641,091</u>		<u>641,091</u>
Excess (deficiency) of revenues over expenditures	<u>45,869</u>		<u>45,869</u>
Other financing sources (uses):			
Transfers out	(17,586)		(17,586)
Total other financing sources (uses)	<u>(17,586)</u>		<u>(17,586)</u>
Changes in fund balances	28,283		28,283
Fund balances (deficits), beginning of year (restated)	540,221		540,221
Fund balances (deficits), end of year	<u>\$ 568,504</u>	<u>\$</u>	<u>\$ 568,504</u>

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Classroom Site	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
Assets:				
Cash and investments	\$ 416,088	\$ 58,864	\$	\$ 4,319
Due from governmental entities			7,852	
Due from other funds				
Total assets	<u>\$ 416,088</u>	<u>\$ 58,864</u>	<u>\$ 7,852</u>	<u>\$ 4,319</u>
 Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Due to other funds			7,852	
Unearned revenues				4,319
Total liabilities	<u></u>	<u></u>	<u>7,852</u>	<u>4,319</u>
 Fund balances (deficits):				
Restricted	416,088	58,864		
Total fund balances	<u>416,088</u>	<u>58,864</u>	<u></u>	<u></u>
Total liabilities and fund balances	<u>\$ 416,088</u>	<u>\$ 58,864</u>	<u>\$ 7,852</u>	<u>\$ 4,319</u>

<u>Other Federal Projects</u>	<u>ESSER I</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>
\$ 319	\$ 10,363	\$ 5,854	\$ 22,441 14,255	\$ 1,368
<u>\$ 319</u>	<u>\$ 10,363</u>	<u>\$ 5,854</u>	<u>\$ 36,696</u>	<u>\$ 1,368</u>
\$ 319 -	\$ 10,363	\$ 5,854	\$ 8,708	\$
<u>319</u>	<u>10,363</u>	<u>5,854</u>	<u>8,708</u>	
			27,988	1,368
			<u>27,988</u>	<u>1,368</u>
<u>\$ 319</u>	<u>\$ 10,363</u>	<u>\$ 5,854</u>	<u>\$ 36,696</u>	<u>\$ 1,368</u>

(Continued)

ASH FORK UNIFIED SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021
(Concluded)

	Extracurricular Activities Fees Tax Credit	Career Technical Education Projects	Fingerprint	Insurance Refund
Assets:				
Cash and investments	\$ 12,899	\$ 3,588	\$ 61	\$ 5,963
Due from governmental entities				
Due from other funds				
Total assets	<u>\$ 12,899</u>	<u>\$ 3,588</u>	<u>\$ 61</u>	<u>\$ 5,963</u>
 Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$	\$ 892	\$	\$
Due to other funds				
Unearned revenues				
Total liabilities	<u></u>	<u>892</u>	<u></u>	<u></u>
 Fund balances (deficits):				
Restricted	<u>12,899</u>	<u>2,696</u>	<u>61</u>	<u>5,963</u>
Total fund balances	<u>12,899</u>	<u>2,696</u>	<u>61</u>	<u>5,963</u>
 Total liabilities and fund balances	<u>\$ 12,899</u>	<u>\$ 3,588</u>	<u>\$ 61</u>	<u>\$ 5,963</u>

<u>Career Technical Education</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 31,142	\$ 11,435	\$ 574,341 32,470
<u>\$ 31,142</u>	<u>\$ 11,435</u>	<u>\$ 606,811</u>
\$	\$	\$ 9,919 18,215 10,173
		<u>38,307</u>
31,142	11,435	568,504
<u>31,142</u>	<u>11,435</u>	<u>568,504</u>
<u>\$ 31,142</u>	<u>\$ 11,435</u>	<u>\$ 606,811</u>

(Concluded)

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Classroom Site	Instructional Improvement	County, City, and Town Grants	Title I Grants
Revenues:				
Other local	\$ 1,943	\$ 241	\$	\$
State aid and grants	159,383	11,280		
Federal aid, grants and reimbursements				94,457
Total revenues	<u>161,326</u>	<u>11,521</u>		<u>94,457</u>
Expenditures:				
Current -				
Instruction	127,152	1,857		38,964
Support services - students and staff	8,825	6,635		47,835
Support services - administration				
Operation and maintenance of plant services				
Student transportation services				
Operation of non-instructional services				
Capital outlay				
Total expenditures	<u>135,977</u>	<u>8,492</u>		<u>86,799</u>
Excess (deficiency) of revenues over expenditures	<u>25,349</u>	<u>3,029</u>		<u>7,658</u>
Other financing sources (uses):				
Transfers in				
Transfers out			(6)	(7,658)
Total other financing sources (uses)			<u>(6)</u>	<u>(7,658)</u>
Change in fund balances	25,349	3,029	(6)	
Fund balances (deficits), beginning of year (restated)	390,739	55,835	6	
Fund balances (deficits), end of year	<u>\$ 416,088</u>	<u>\$ 58,864</u>	<u>\$</u>	<u>\$</u>

Special Education Grants	Other Federal Projects	ESSER I	Enrollment Stability Grant Program	Other State Projects	Food Service
\$	\$	\$	\$	\$ 38	\$ 1,338
47,947	1,867	41,656	63,925	10,855	193,813
47,947	1,867	41,656	63,925	10,893	195,151
44,404	319	13,972	14,611	10,893	
		3,929	5,069		
					198,109
	1,548	20,364	44,245		10,662
44,404	1,867	38,265	63,925	10,893	208,771
3,543		3,391			(13,620)
(3,543)		(3,391)			(2,988)
(3,543)		(3,391)			(2,988)
					(16,608)
					44,596
\$	\$	\$	\$	\$	\$ 27,988

(Continued)

ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021
(Concluded)

	Civic Center	Extracurricular Activities Fees Tax Credit	Career Technical Education Projects	Fingerprint
Revenues:				
Other local	\$ 171	\$ 6,177	\$ 5,914	\$
State aid and grants				
Federal aid, grants and reimbursements				
Total revenues	<u>171</u>	<u>6,177</u>	<u>5,914</u>	
Expenditures:				
Current -				
Instruction		3,307	1,139	
Support services - students and staff			2,079	
Support services - administration				
Operation and maintenance of plant services				
Student transportation services				
Operation of non-instructional services				
Capital outlay		762		
Total expenditures		<u>4,069</u>	<u>3,218</u>	
Excess (deficiency) of revenues over expenditures	<u>171</u>	<u>2,108</u>	<u>2,696</u>	
Other financing sources (uses):				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Change in fund balances	171	2,108	2,696	
Fund balances (deficits), beginning of year (restated)	1,197	10,791		61
Fund balances (deficits), end of year	<u>\$ 1,368</u>	<u>\$ 12,899</u>	<u>\$ 2,696</u>	<u>\$ 61</u>

<u>Insurance Refund</u>	<u>Career Technical Education</u>	<u>AZ Industry Credentials Incentive</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 2,716	\$ 31,109	\$ 3,408	\$ 8,722	\$ 58,369
				174,071
				454,520
<u>2,716</u>	<u>31,109</u>	<u>3,408</u>	<u>8,722</u>	<u>686,960</u>
	18,640	3,408		234,262
	300		9,593	119,671
				8,998
				198,109
			2,470	80,051
	<u>18,940</u>	<u>3,408</u>	<u>12,063</u>	<u>641,091</u>
<u>2,716</u>	<u>12,169</u>		<u>(3,341)</u>	<u>45,869</u>
				(17,586)
				(17,586)
2,716	12,169		(3,341)	28,283
3,247	18,973		14,776	540,221
<u>\$ 5,963</u>	<u>\$ 31,142</u>	<u>\$</u>	<u>\$ 11,435</u>	<u>\$ 568,504</u>

(Concluded)

**ASH FORK JOINT UNIFIED SCHOOL DISTRICT NO. 31
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - ALL MAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2021**

	Building Renewal Grant		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants		1,925,977	1,925,977
Total revenues		<u>1,925,977</u>	<u>1,925,977</u>
Expenditures:			
Capital outlay	2,500,000	\$ 1,925,977	574,023
Debt service -			
Principal retirement			
Interest, premium and fiscal charges			
Total expenditures	<u>2,500,000</u>	<u>1,925,977</u>	<u>574,023</u>
Excess (deficiency) of revenues over expenditures	<u>(2,500,000)</u>		<u>2,500,000</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Change in fund balances	(2,500,000)		2,500,000
Fund balances (deficits), beginning of year		\$	
Fund balances (deficits), end of year	<u>\$ (2,500,000)</u>	<u>\$</u>	<u>\$ 2,500,000</u>

Unrestricted Capital Outlay		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 95,939	\$ 95,939
	537,481	537,481
	261,632	261,632
	895,052	895,052
2,027,280	525,695	1,501,585
<u>2,027,280</u>	<u>525,695</u>	<u>1,501,585</u>
<u>(2,027,280)</u>	<u>369,357</u>	<u>2,396,637</u>
(2,027,280)	369,357	2,396,637
	1,045,963	1,045,963
<u>\$ (2,027,280)</u>	<u>\$ 1,415,320</u>	<u>\$ 3,442,600</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 95,939	\$ 95,939
	537,481	537,481
	2,187,609	2,187,609
	2,821,029	2,821,029
4,527,280	2,451,672	2,075,608
<u>4,527,280</u>	<u>2,451,672</u>	<u>2,075,608</u>
<u>(4,527,280)</u>	<u>369,357</u>	<u>4,896,637</u>
(4,527,280)	369,357	4,896,637
	1,045,963	1,045,963
<u>\$ (4,527,280)</u>	<u>\$ 1,415,320</u>	<u>\$ 5,942,600</u>

(This page intentionally left blank)



Certified Public Accountants

hbeg.com

90 East 200 North
St. George, UT 84770
(435) 673-6167

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
Ash Fork Joint Unified School District No. 31
Ash Fork, AZ

Members of the Board:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ash Fork Joint Unified School District No. 31 (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 5, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ash Fork Joint Unified School District No. 31's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

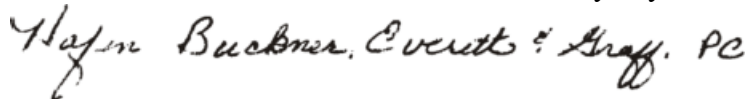
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Ash Fork Joint Unified School District No. 31, in a separate letter dated April 5, 2022.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Governing Board, management of Ash Fork Joint Unified School District No. 31, federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.



Hafen, Buckner, Everett, and Graff, PC
St. George, Utah
April 5, 2022