

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
WICKENBURG, AZ**

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022



**Issued by:
Business and Finance Department**

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INDEPENDENT AUDITORS' REPORT

Governing Board of
Wickenburg Unified School District No. 9
Wickenburg, AZ

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wickenburg Unified School District No. 9, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of year ended June 30, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Wickenburg Unified School District No. 9's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

Scottsdale, Arizona
January 27, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

As management of the Wickenburg Unified School District No. 9 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the audited financial statements included in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year June 30, 2022, were as follows:

- As of June 30, 2022, the District's total net position was \$28.7 million. This is an increase of \$998,712, or 3.6 percent, from fiscal year 2020-21.
- General revenues of \$9.9 million accounted for 60.5 percent of all fiscal year 2021-22 revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions of \$6.5 million accounted for 39.5 percent of total fiscal year 2021-22 revenues.
- The District had \$15.4 million in expenses related to governmental activities; of which \$6.5 million of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues of \$9.9 million provided resources for the remaining \$8.9 million of District costs. The excess between the general revenues and remaining District costs resulted in net position increasing \$998,712.
- The General Fund reported \$9.8 million in revenues and \$10.0 million in expenditures. The revenues consisted primarily of \$6.0 million in property taxes and \$1.9 million in state aid and grants. As a result of annual activity, the General Fund's fund balance increased \$463,695.
- The District recorded \$1.5 million of tuition revenue for educating students from other school districts.
- The District's net capital assets decreased \$1.5 million as a result of activity throughout the year. For additional information regarding the capital assets, see financial statement note 5.
- On July 1, 2021, the District made a \$1.0 million principal payment on outstanding bonds reducing the principal owed to \$6.8 million as of June 30, 2022. For further information regarding bonds, see financial statement note 8.
- The District made \$107,763 principal payments on the outstanding financed purchases reducing the principal balance to \$175,819 as of June 30, 2022. For further information regarding financed purchases, see financial statement note 10.
- The District was awarded \$3.2 million from the Elementary and Secondary Schools Emergency Relief (ESSER) Fund based on the projected final eligible LEA cohort and spent \$540,896 from the ESSER Fund for the fiscal year ending June 30, 2022. The monies were used to address local relief, prevention and preparation, and recovery efforts relative to responding to COVID-19.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS

The District's basic financial statements are comprised of the government-wide financial statements, the fund financial statements and the notes to the financial statements. These sections provide a comprehensive overview of the District's finances.

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

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

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

The government-wide financial statements of the District include the Governmental activities. Most of the District's basic services are included here, such as instruction, extra-curricular activities, curriculum and staff development, and general administration. Property taxes, intergovernmental revenues and grants finance most of these activities.

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 in the following categories: governmental funds and fiduciary 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 focus on near-term inflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for all major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation.

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.

Required supplementary 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 budgetary comparison schedule is provided for the General Fund and any major special revenue funds. Additionally, pension schedules detailing the District's proportionate share of net pension liability and pension contributions are presented as required supplementary information.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a comparison of the District's net position for the fiscal years ended June 30, 2022 and 2021.

	<u>As of June 30, 2022</u>	<u>As of June 30, 2021</u>	<u>Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 9,764,136	\$ 8,657,115	\$ 1,107,021	12.8 %
Capital assets	<u>36,550,711</u>	<u>38,094,839</u>	<u>(1,544,128)</u>	<u>(4.1)%</u>
Total assets	<u>46,314,847</u>	<u>46,751,954</u>	<u>(437,107)</u>	<u>(0.9)%</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>2,040,227</u>	<u>1,981,867</u>	<u>58,360</u>	<u>2.9 %</u>
LIABILITIES				
Current liabilities	1,106,714	974,847	131,867	13.5 %
Noncurrent liabilities	<u>15,747,498</u>	<u>19,691,054</u>	<u>(3,943,556)</u>	<u>(20.0)%</u>
Total liabilities	<u>16,854,212</u>	<u>20,665,901</u>	<u>(3,811,689)</u>	<u>(18.4)%</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>2,803,029</u>	<u>368,799</u>	<u>2,434,230</u>	<u>660.0 %</u>
NET POSITION				
Net investment in capital assets	29,155,877	29,463,171	(307,294)	(1.0)%
Restricted	3,234,690	2,439,656	795,034	32.6 %
Unrestricted	<u>(3,692,734)</u>	<u>(4,203,706)</u>	<u>510,972</u>	<u>12.2 %</u>
Total net position	<u>\$ 28,697,833</u>	<u>\$ 27,699,121</u>	<u>\$ 998,712</u>	<u>3.6 %</u>

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

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 \$28.7 million as of June 30, 2022. The following represents significant information regarding changes and balances:

- The District's current assets increased \$1.1 million primarily due to an increase in cash and investments.
- The District had \$112,813 in additions and \$75,956 of net deletions to capital assets that were offset by depreciation expense of \$1.6 million, resulting in an overall net decrease in capital assets of \$1.5 million.
- Current liabilities increased \$131,867 due to an increase in deferred revenues.
- Noncurrent liabilities decreased \$3.9 million, deferred outflows of resources increased \$58,360, and deferred inflows of resources increased \$2.4 million primarily due to the results of investment activity and participant activity when compared to Arizona State Retirement System's estimates.
- By far, the largest portion of the District's net position, \$29.2 million, reflects its net investment in capital assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Additionally, \$3.2 million of the District's net position represents resources that are subject to external restrictions. The remaining deficit balance of net position, \$3.7 million, is considered unrestricted. For additional information regarding net position, see financial statement note 1.O.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a comparison of the changes in net position for the fiscal years ended June 30, 2022 and 2021.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>	<u>Change</u>	<u>Percent Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 2,150,889	\$ 2,529,611	\$ (378,722)	(15.0)%
Operating grants and contributions	4,070,991	3,796,714	274,277	7.2 %
Capital grants and contributions	240,340	539,683	(299,343)	(55.5)%
General revenues:				
Taxes	7,799,822	8,542,235	(742,413)	(8.7)%
State aid	1,989,664	1,804,290	185,374	10.3 %
County aid	9,037	6,550	2,487	38.0 %
Payments in lieu of taxes	16,808	17,270	(462)	(2.7)%
Investment income	53,069	49,871	3,198	6.4 %
Miscellaneous	26,469	-	26,469	100.0 %
Special item - litigation settlement	-	35,000	(35,000)	(100.0)%
Total revenues	<u>16,357,089</u>	<u>17,321,224</u>	<u>(964,135)</u>	<u>(5.6)%</u>
Expenses:				
Instruction	7,099,864	7,267,056	(167,192)	(2.3)%
Support services - students and staff	1,806,921	1,632,348	174,573	10.7 %
Support services - administration	1,539,162	1,586,035	(46,873)	(3.0)%
Operation and maintenance of plant	2,954,413	4,075,973	(1,121,560)	(27.5)%
Student transportation services	841,074	681,900	159,174	23.3 %
Operation of non-instructional services	915,387	721,823	193,564	26.8 %
Interest on long-term debt	201,556	248,754	(47,198)	(19.0)%
Total expenses	<u>15,358,377</u>	<u>16,213,889</u>	<u>(855,512)</u>	<u>(5.3)%</u>
Change in net position	998,712	1,107,335	(108,623)	(9.8)%
Beginning net position	<u>27,699,121</u>	<u>26,591,786</u>	<u>1,107,335</u>	<u>4.2 %</u>
Ending net position	<u>\$ 28,697,833</u>	<u>\$ 27,699,121</u>	<u>\$ 998,712</u>	<u>3.6 %</u>

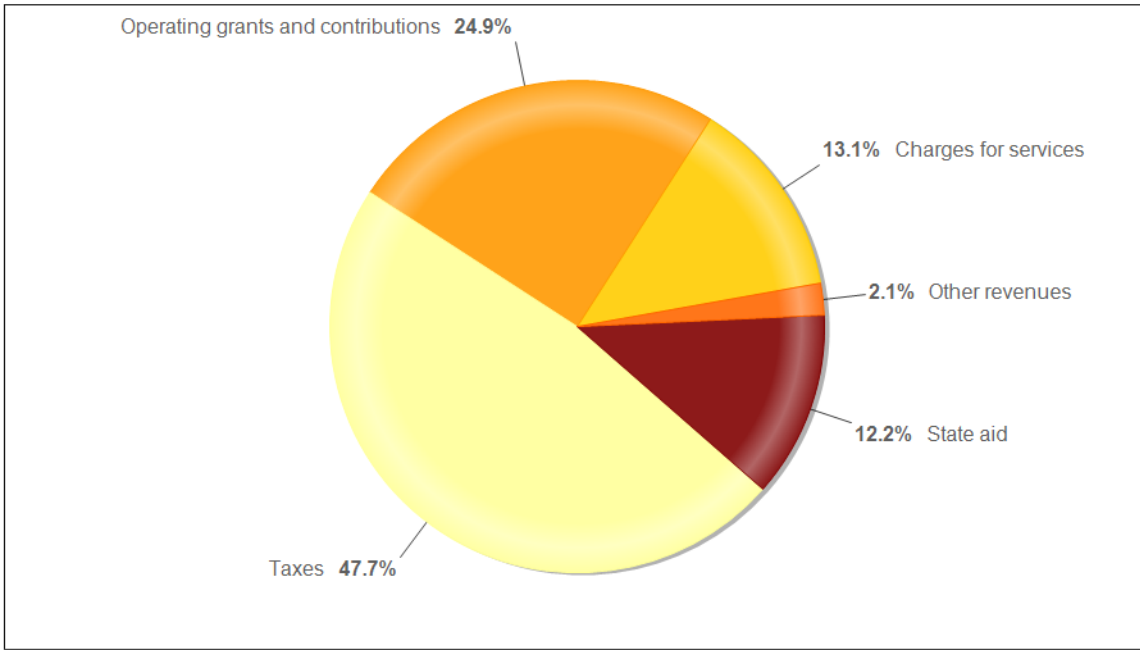
Net position increased \$998,712; the following represents significant information regarding changes:

- Revenues decreased \$964,135 primarily due to a decrease in property taxes revenues.
- Expenses decreased \$855,512 due to a decrease in operation and maintenance of plant expenses.

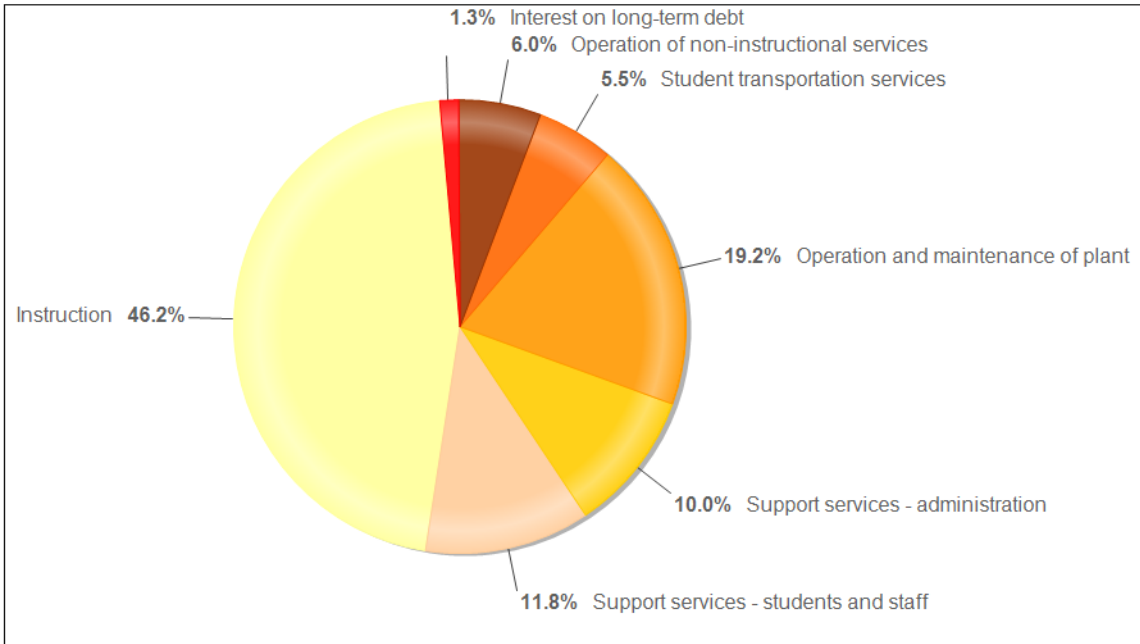
**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

District-Wide Revenues
FY 2021-22

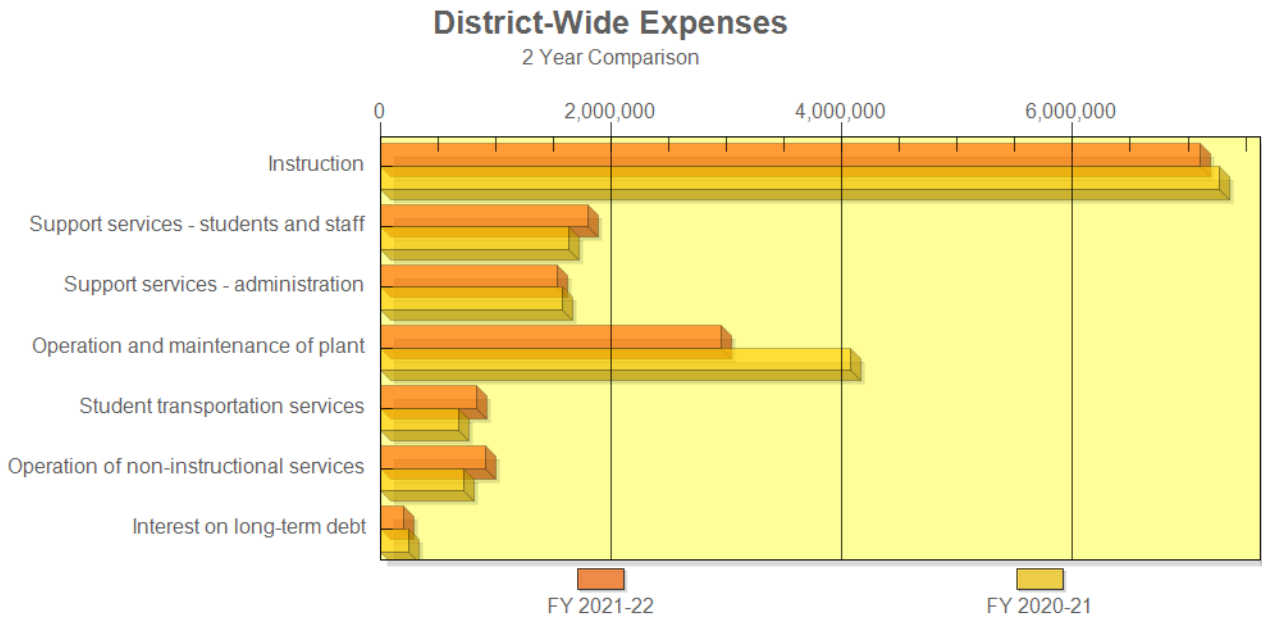
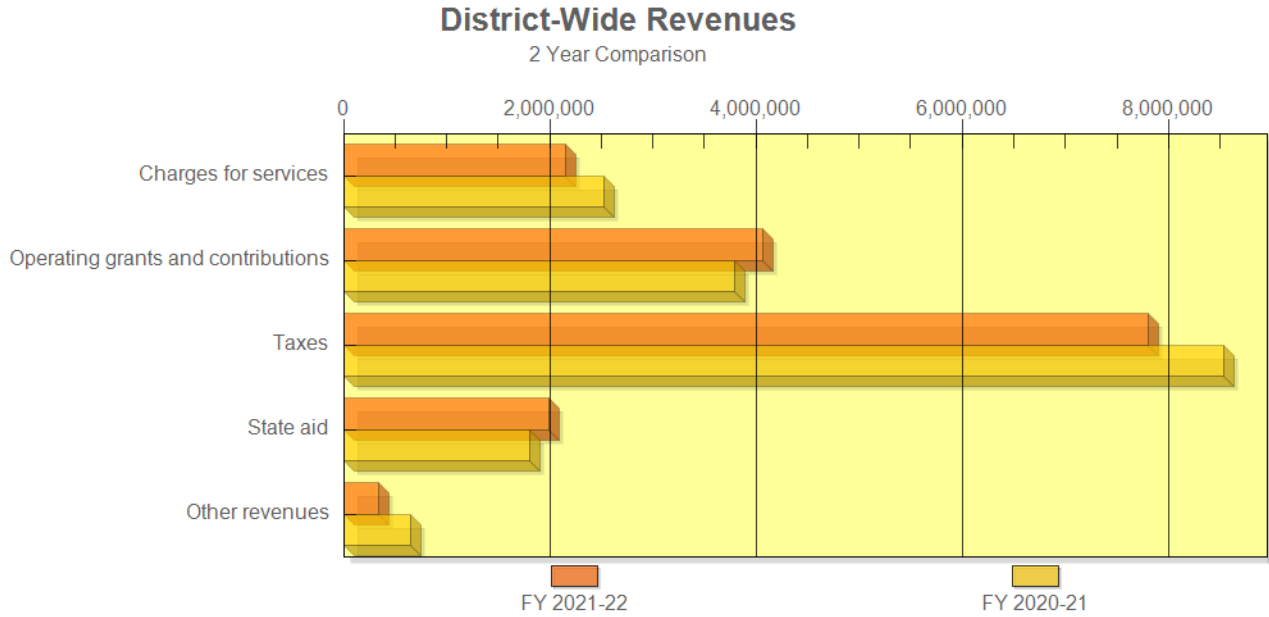


District-Wide Expenses
FY 2021-22



**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table displays information from the *Statement of Activities* governmental activities and compares the net cost of services for the two years ended June 30, 2022 and 2021.

<u>Expense Function</u>	Net (Expense)	Net (Expense)	<u>Change</u>	<u>Percent Change</u>
	Revenue	Revenue		
	<u>June 30, 2022</u>	<u>June 30, 2021</u>		
Instruction	\$ (3,163,226)	\$ (2,595,729)	\$ (567,497)	(21.9)%
Support services - students and staff	(1,047,799)	(1,024,003)	(23,796)	(2.3)%
Support services - administration	(1,380,147)	(1,464,131)	83,984	5.7 %
Operation and maintenance of plant	(2,663,680)	(3,460,534)	796,854	23.0 %
Student transportation services	(818,395)	(611,173)	(207,222)	(33.9)%
Operation of non-instructional services	378,646	56,443	322,203	570.8 %
Interest on long-term debt	(201,556)	(248,754)	47,198	19.0 %
Total	<u>\$ (8,896,157)</u>	<u>\$ (9,347,881)</u>	<u>\$ 451,724</u>	<u>4.8 %</u>

The net cost of services decreased \$451,724, or 4.8 percent, due to overall expenses decreasing \$855,512 while program revenues decreased \$403,788. The following represents significant information regarding changes and balances:

- Program revenues of \$6.5 million subsidized the government-wide expenses.
- The remaining net costs of governmental activities of \$8.9 million were financed through general revenues.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

The following table provides analysis of the District's major and other governmental funds' fund balances and the total change in fund balances for the two years ended June 30, 2022 and 2021.

<u>Fund</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>Percent Change</u>
General Fund	\$ 4,383,261	\$ 3,919,566	\$ 463,695	11.8 %
Debt Service Fund	211,959	307,864	(95,905)	(31.2)%
Other Governmental Funds	2,955,182	2,046,850	908,332	44.4 %
Total	<u>\$ 7,550,402</u>	<u>\$ 6,274,280</u>	<u>\$ 1,276,122</u>	<u>20.3 %</u>

The total governmental fund balances were \$7.6 million at June 30, 2022. It is not expected that the nature of the restrictions, commitments or other limitations on fund balances will significantly affect future operations. Overall governmental fund balance increased \$1.3 million. The following represents significant information regarding changes:

- The General Fund's fund balance increased \$463,695, or 11.8 percent, primarily due to transfer of monies from Unrestricted Capital Outlay Fund and increase in state aid monies. All of the General Fund's fund balance is unassigned, which may serve as a useful measure of net resources available for spending at June 30, 2022.
- The Debt Service Fund's fund balance decreased \$95,905, or 31.2 percent, due to decrease in property tax revenues.
- The Other Governmental Funds' fund balance increased \$908,332, or 44.4 percent, primarily due to increase in property tax revenues.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared annually according to Arizona law. The General Fund Budgetary Comparison Schedule presents the budgeted amounts, as well as the variances between the final budget and the actual expenditures incurred.

The General Fund's adopted budget for the fiscal year ending June 30, 2022, was \$10.5 million. Over the course of the year, the District revised the General Fund annual expenditure budget to \$12.2 million to reflect revised funding levels.

The actual amounts expended in the General Fund were \$9.5 million, which was \$2.7 million, or 22.5 percent, less than the final budget. This difference was due to regular education instruction expenditures being less than anticipated.

CAPITAL ASSETS

As of June 30, 2022, the District had invested \$36.6 million in capital assets (net of accumulated depreciation) including school buildings, athletic facilities, buses, computers, and other equipment.

The following schedule presents a comparison of the capital asset balances for the years ended June 30, 2022 and 2021.

<u>Governmental activities:</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>Percent Change</u>
Land	\$ 5,180,795	\$ 5,180,795	\$ -	- %
Construction in progress	66,644	-	66,644	100.0 %
Land improvements	15,642,057	15,642,057	-	- %
Buildings and improvements	44,569,150	44,561,141	8,009	- %
Vehicles, furniture, and equipment	<u>5,717,821</u>	<u>6,004,921</u>	<u>(287,100)</u>	<u>(4.8)%</u>
Total	<u>71,176,467</u>	<u>71,388,914</u>	<u>(212,447)</u>	<u>(0.3)%</u>
Less: accumulated depreciation	<u>(34,625,756)</u>	<u>(33,294,075)</u>	<u>(1,331,681)</u>	<u>(4.0)%</u>
Capital assets, net	<u>\$ 36,550,711</u>	<u>\$ 38,094,839</u>	<u>\$ (1,544,128)</u>	<u>(4.1)%</u>

A more in-depth analysis of material activity within capital assets is presented within the analysis of the *Statement of Net Position* earlier in the Management's Discussion and Analysis. Detailed information on the District's capital assets can be found in financial statement note 5.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

LONG-TERM LIABILITIES

The following schedule presents a comparison of long-term liabilities for the years ended June 30, 2022 and 2021.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>Percent Change</u>
Bonds payable	\$ 6,800,000	\$ 7,845,000	\$ (1,045,000)	(13.3)%
Bond premium	420,356	504,427	(84,071)	(16.7)%
Net pension liability	8,277,920	10,990,212	(2,712,292)	(24.7)%
Financed purchases	175,819	283,582	(107,763)	(38.0)%
Compensated absences	<u>73,403</u>	<u>67,833</u>	<u>5,570</u>	<u>8.2 %</u>
Total	<u>\$ 15,747,498</u>	<u>\$ 19,691,054</u>	<u>\$ (3,943,556)</u>	<u>(20.0)%</u>

Overall long-term liability balance decreased \$3.9 million. The following represents significant information regarding changes:

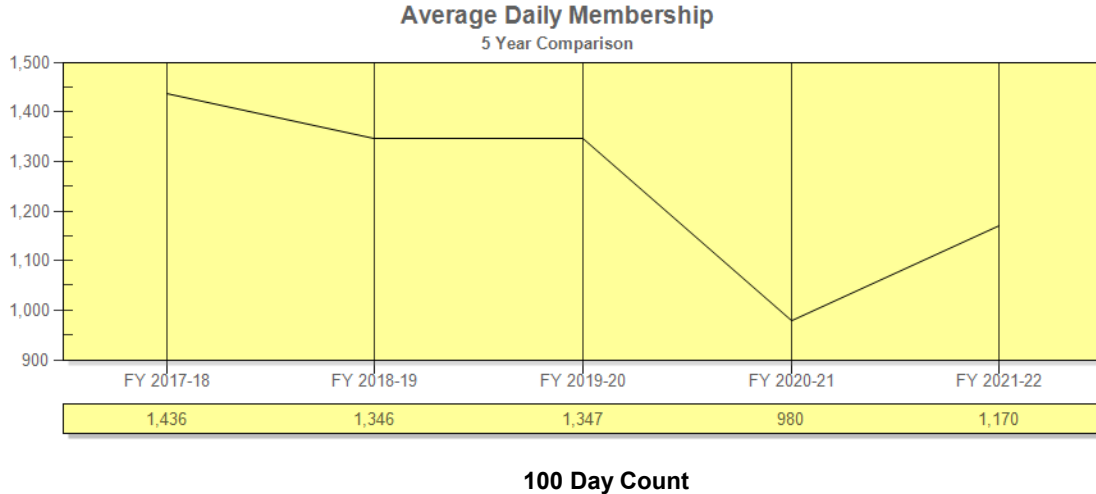
- Bonds payable decreased \$1.0 million, or 13.3 percent, due to the required payments of principal in accordance with the terms of the debt agreements.
- Bond premium decreased \$84,071, or 16.7 percent, due to the amortization of outstanding bond premiums.
- Net pension liability decreased \$2.7 million, or 24.7 percent, due to the results of investment activity and participant activity when compared to anticipated results as determined by the Arizona State Retirement System's actuaries.
- Compensated absences increased \$5,570, or 8.2 percent, due to the accrual and use of available leave balances by employees.

For additional information regarding long-term liabilities, see financial statement note 7.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S GENERAL FUND BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the General Fund's budget for the next fiscal year (fiscal year 2022-23). The primary factors considered in developing fiscal year 2022-23's budget were the District's student population and related employee salaries. This chart provides the District's average daily membership over the past five years.



Also considered in the development of the budget is the local economy and inflation of the surrounding area. Amounts available in the General Fund's fiscal year 2022-23 budget are \$12.5 million, an increase of 2.4 percent, which reflects the following:

- Available budget balance carryforward is \$2.7 million.
- Current year average daily membership is 1,170 and is expected to increase in the fiscal year 2022-23 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Wickenburg Unified School District No. 9, 101 East Coconino Street, Wickenburg, AZ 85390. More information about the District can be found on their website at www.wickenburgschools.org.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 8,424,147
Accounts receivable	24,414
Refundable deposit	28,944
Property taxes receivable	31,752
Due from other governments	1,254,879
Capital assets:	
Capital assets not being depreciated	5,247,439
Capital assets being depreciated, net	<u>31,303,272</u>
Total assets	<u>46,314,847</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	<u>2,040,227</u>
LIABILITIES	
Accounts payable	272,698
Accrued payroll and benefits	511,836
Advances from grantors	186,180
Interest payable	136,000
Noncurrent liabilities:	
Due within one year	1,142,447
Due in more than one year	<u>14,605,051</u>
Total liabilities	<u>16,854,212</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	<u>2,803,029</u>
NET POSITION	
Net investment in capital assets	29,155,877
Restricted for:	
Debt service	211,959
Capital outlay	761,917
Food service	226,592
Career technical instruction	331,494
Voter approved initiatives	660,008
Results based funding	196,757
School plant	291,573
Extracurricular activities	419,852
Other purposes	134,538
Unrestricted	<u>(3,692,734)</u>
Total net position	<u>\$ 28,697,833</u>

The accompanying notes are an integral part of these statements.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 7,099,864	\$ 1,623,046	\$ 2,313,592	\$ -	\$ (3,163,226)
Support services - students and staff	1,806,921	36,348	722,774	-	(1,047,799)
Support services - administration	1,539,162	-	159,015	-	(1,380,147)
Operation and maintenance of plant	2,954,413	10,808	39,585	240,340	(2,663,680)
Student transportation services	841,074	-	22,679	-	(818,395)
Operation of non-instructional services	915,387	480,687	813,346	-	378,646
Interest on long-term debt	201,556	-	-	-	(201,556)
Total governmental activities	<u>\$ 15,358,377</u>	<u>\$ 2,150,889</u>	<u>\$ 4,070,991</u>	<u>\$ 240,340</u>	<u>(8,896,157)</u>

General revenues:

Taxes:

Property taxes, general purposes	5,692,952
Property taxes, debt service	1,065,980
Property taxes, capital outlay	1,040,890

State aid:

General purposes	1,837,203
Capital outlay	105,917
Instructional improvement	46,544

County aid

Payments in lieu of taxes 16,808

Investment income 53,069

Miscellaneous 26,469

Total general revenues 9,894,869

Change in net position 998,712

Net position, July 1, 2021 27,699,121

Net position, June 30, 2022 \$ 28,697,833

The accompanying notes are an integral part of these statements.

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FUND FINANCIAL STATEMENTS

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WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,843,334	\$ 1,357,969	\$ 2,222,844	\$ 8,424,147
Accounts receivable	24,414	-	-	24,414
Refundable deposit	8,612	-	20,332	28,944
Property taxes receivable	11,792	19,960	-	31,752
Due from other governments	9,709	-	1,245,170	1,254,879
Total assets	\$ 4,897,861	\$ 1,377,929	\$ 3,488,346	\$ 9,764,136
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 114,452	\$ -	\$ 158,246	\$ 272,698
Accrued payroll and benefits	390,439	-	121,397	511,836
Advances from grantors	-	-	186,180	186,180
Bonds payable	-	1,025,000	-	1,025,000
Interest payable	-	136,000	-	136,000
Total liabilities	504,891	1,161,000	465,823	2,131,714
Deferred inflows of resources:				
Unavailable revenue - property tax	-	4,970	-	4,970
Unavailable revenue - time restrictions	9,709	-	67,341	77,050
Total deferred inflows of resources	9,709	4,970	67,341	82,020
Total liabilities and deferred inflows of resources	514,600	1,165,970	533,164	2,213,734
Fund balances:				
Restricted:				
Debt service	-	211,959	-	211,959
Capital outlay	-	-	763,258	763,258
Food service	-	-	226,592	226,592
Career technical education	-	-	331,494	331,494
Voter approved initiatives	-	-	660,008	660,008
Results based funding	-	-	196,757	196,757
School plant	-	-	291,573	291,573
Extracurricular activities	-	-	419,852	419,852
Other purposes	-	-	134,538	134,538
Unassigned	4,383,261	-	(68,890)	4,314,371
Total fund balances	4,383,261	211,959	2,955,182	7,550,402
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,897,861	\$ 1,377,929	\$ 3,488,346	\$ 9,764,136

The accompanying notes are an integral part of these statements.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022**

Fund balances - total governmental funds	\$ 7,550,402
 Amounts reported for governmental activities in the <i>Statement of Net Position</i> are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund statements.	36,550,711
Revenues reported in the <i>Statement of Activities</i> that will be collected beyond the 60 day recognition period do not provide current financial resources and are deferred in the governmental fund statements.	
Property taxes	4,970
Receipts	77,050
Deferred outflows and inflows of resources are applicable to future reporting periods and, therefore, are not reported in the governmental fund statements.	
Deferred outflows of resources related to pensions	2,040,227
Deferred inflows of resources related to pensions	(2,803,029)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund statements.	
Bonds payable	(5,775,000)
Bond premium	(420,356)
Net pension liability	(8,277,920)
Financed purchases	(175,819)
Compensated absences	(73,403)
<hr/>	<hr/>
Net position of governmental activities	<u>\$ 28,697,833</u>

The accompanying notes are an integral part of these statements.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 5,992,156	\$ 1,072,516	\$ 1,043,040	\$ 8,107,712
State aid and grants	1,877,622	-	1,754,111	3,631,733
Federal aid and grants	66,724	-	2,207,767	2,274,491
Other local revenue	<u>1,831,647</u>	<u>130,429</u>	<u>662,045</u>	<u>2,624,121</u>
Total revenues	<u>9,768,149</u>	<u>1,202,945</u>	<u>5,666,963</u>	<u>16,638,057</u>
Expenditures:				
Current:				
Instruction	4,675,549	-	1,989,511	6,665,060
Support services - students and staff	1,194,296	-	654,795	1,849,091
Support services - administration	1,308,267	1,850	251,448	1,561,565
Operation and maintenance of plant	1,965,196	-	306,702	2,271,898
Student transportation services	551,411	-	18,621	570,032
Operation of non-instructional services	259,502	-	653,584	913,086
Capital outlay	-	-	112,813	112,813
Debt service:				
Principal	-	1,025,000	107,763	1,132,763
Interest	-	<u>272,000</u>	<u>13,627</u>	<u>285,627</u>
Total expenditures	<u>9,954,221</u>	<u>1,298,850</u>	<u>4,108,864</u>	<u>15,361,935</u>
Excess (deficiency) of revenues over expenditures	(186,072)	(95,905)	1,558,099	1,276,122
Other financing sources (uses):				
Transfers in	714,767	-	65,000	779,767
Transfers out	<u>(65,000)</u>	<u>-</u>	<u>(714,767)</u>	<u>(779,767)</u>
Total other financing sources (uses)	<u>649,767</u>	<u>-</u>	<u>(649,767)</u>	<u>-</u>
Net change in fund balances	463,695	(95,905)	908,332	1,276,122
Fund balances, July 1, 2021	<u>3,919,566</u>	<u>307,864</u>	<u>2,046,850</u>	<u>6,274,280</u>
Fund balances, June 30, 2022	<u>\$ 4,383,261</u>	<u>\$ 211,959</u>	<u>\$ 2,955,182</u>	<u>\$ 7,550,402</u>

The accompanying notes are an integral part of these statements.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds **\$ 1,276,122**

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

Governmental funds report capital outlays as expenditures. However, in the *Statement of Activities*, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	112,813
Depreciation	(1,580,985)
Adjustment/disposal of capital assets	(75,956)

Property taxes and other receipts in the *Statement of Activities* that do not provide current financial resources are not reported as revenues in the governmental funds.

Prior year unavailable property tax	(312,860)
Prior year receipts after 60 day recognition period	(50,128)
Current year unavailable property tax	4,970
Current year receipts after 60 day recognition period	77,050

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the *Statement of Net Position* because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the *Statement of Activities*.

Pension contribution	836,600
Pension expense	(500,178)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the *Statement of Net Position*. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the *Statement of Activities*.

Bonds principal payment	1,025,000
Amortization of bond discount/premium	84,071
Financed purchase payment	107,763

Under the modified accrual basis of accounting used in the governmental funds, expenditures, such as compensated absences, are not recognized for transactions that are not normally paid with expendable available resources. In the *Statement of Activities*, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

(5,570)

Change in net position of governmental activities **\$ 998,712**

The accompanying notes are an integral part of these statements.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wickenburg Unified School District No. 9 (District) has prepared the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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, 2022, the District does not have any component units and is not a component unit of any other reporting entity.

B. Basis of Presentation

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

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial 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. They also distinguish between the District's governmental and any 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 segments of any 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
- 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.

Fund Financial Statements - Provide information about the District's funds. Separate statements are presented for the governmental fund categories. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District's accounts are organized into major governmental funds and other governmental funds as follows:

Major Governmental Funds:

General Fund - to account for all resources used to finance District operations except those required to be accounted for in other funds. The General Fund as presented includes the District's Maintenance and Operation Fund and other special revenue funds that do not have a substantial restriction on expenditures.

Debt Service Fund - to account for the accumulation of resources and the payment of principal and interest on bonds.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

C. Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues 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 lease contracts 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.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Taxes

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

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

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

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Capital Assets

Capital assets are reported in the government-wide financial statements. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) are \$5,000 for all assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 30 years
Buildings and improvements	7 - 60 years
Vehicles, furniture, and equipment	5 - 20 years

H. Deferred Outflows and 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.

I. Postemployment Benefits

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

J. Advances from Grantors

Advances from grantors arise when assets are received before revenue recognition criteria have been satisfied. Advances from grantors generally comprise of federal and state entitlement revenues received before eligibility requirements are met.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Compensated Absences

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

L. Federal Revenue Sources

The District receives federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

M. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances.

N. 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.

O. Net Position

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.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. 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.

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.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Estimates

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

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's cash deposits may not be returned. The District does not have an adopted policy for custodial credit risk. As of June 30, 2022, the carrying amount (reported) cash balance was \$61,494, while the total bank balance was \$62,397, which was fully insured by the Federal Deposit Insurance Corporation (FDIC) and the collateral described below. 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. Any deposits of cash deposits in excess of \$250,000 are covered by collateral held by the pledging financial institution's trust department in the District's name.

Arizona statute requires eligible depositories that accept public monies to participate in the pooled collateral program for public deposits. The Statewide Collateral Pool Administrator (Administrator) is responsible for ensuring that eligible depositories have posted 102% collateral for each public depositor in excess of any federally insured deposits. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured against loss. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

External Investment Pool. A.R.S. §15-996, authorizes the Maricopa County Treasurer to receive and hold all District monies and pool the monies with other school districts for investment purposes. As of June 30, 2022, the District reported \$8,362,653 on deposit with the Maricopa County Treasurer's Investment Pool (MCTIP). The MCTIP is an external investment pool with no regulatory oversight. The MCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2022, the MCTIP did not receive a credit quality rating from a national rating agency. The Maricopa County Treasurer invests the cash in a pool under policy guidelines established by the County. The Maricopa County Treasurer accounts for the investment pool in their Fiduciary Investment Trust Fund. Interest rate risk, credit risk, custodial credit risk and concentration of credit risk regarding the MCTIP are included in the Annual Comprehensive Financial Report of Maricopa County. The fair value of each participant's position in the MCTIP approximates the value of the participant's shares in the pool and the District's shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - CASH AND INVESTMENTS

Interest Rate Risk. Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The District does not have an adopted investment policy that limits investment maturities to one year or less as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an insurer or other counterparty to an investment in a debt security will not fulfill its obligations. The District has no investment policy that would further limit its investment choices than what is allowable per A.R.S.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Receivable balances have been disaggregated by type and presented separately in the financial statements with the exception of the amounts due from other governments. The District's due from other governments as of June 30, 2022, are as follows:

	General Fund	Other Governmental Funds	Totals
Due from local governments:			
Due from other districts	\$ -	\$ 36,227	\$ 36,227
Due from state government:			
State equalization	9,709	697	10,406
State grants	-	67,461	67,461
SFB construction commitments	-	66,644	66,644
Due from federal government:			
Federal grants	-	1,074,141	1,074,141
Total due from other governments	<u>\$ 9,709</u>	<u>\$ 1,245,170</u>	<u>\$ 1,254,879</u>

NOTE 4 - ADVANCES FROM GRANTORS

Governmental funds report advances from grantors for assets that are transferred to the District prior to the District fulfilling all program requirements that would entitle them to recognize the revenue. As of June 30, 2022, the advances from grantors reported in the governmental funds were as follows:

Other Governmental Funds:	
Advances from state grants	\$ 54,845
Advances from federal grants	<u>131,335</u>
Total advances from grantors	<u>\$ 186,180</u>

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

Capital asset governmental activity for the year ended June 30, 2022, was as follows:

<u>Governmental activities:</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Non-depreciable capital assets:				
Land	\$ 5,180,795	\$ -	\$ -	\$ 5,180,795
Construction in progress	-	66,644	-	66,644
Total non-depreciable capital assets	<u>5,180,795</u>	<u>66,644</u>	<u>-</u>	<u>5,247,439</u>
Depreciable capital assets:				
Land improvements	15,642,057	-	-	15,642,057
Buildings and improvements	44,561,141	8,009	-	44,569,150
Vehicles, furniture, and equipment	<u>6,004,921</u>	<u>38,160</u>	<u>(325,260)</u>	<u>5,717,821</u>
Total depreciable capital assets	<u>66,208,119</u>	<u>46,169</u>	<u>(325,260)</u>	<u>65,929,028</u>
Less accumulated depreciation for:				
Land improvements	(14,504,846)	(138,932)	-	(14,643,778)
Buildings and improvements	(15,747,847)	(1,132,601)	-	(16,880,448)
Vehicles, furniture, and equipment	<u>(3,041,382)</u>	<u>(309,452)</u>	<u>249,304</u>	<u>(3,101,530)</u>
Total accumulated depreciation	<u>(33,294,075)</u>	<u>(1,580,985)</u>	<u>249,304</u>	<u>(34,625,756)</u>
Total depreciable capital assets, net	<u>32,914,044</u>	<u>(1,534,816)</u>	<u>(75,956)</u>	<u>31,303,272</u>
Total capital assets, net	<u>\$ 38,094,839</u>	<u>\$ (1,468,172)</u>	<u>\$ (75,956)</u>	<u>\$ 36,550,711</u>

Depreciation was charged to governmental functions as follows:

Instruction	\$ 622,658
Support services - students and staff	7,355
Support services - administration	13,504
Operation and maintenance of plant	711,594
Student transportation services	213,165
Operations of non-instructional services	<u>12,709</u>
Total depreciation expense	<u>\$ 1,580,985</u>

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - CONSTRUCTION CONTRACT COMMITMENTS

The District had the following construction contract commitments as of June 30, 2022:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid as of June 30, 2022</u>	<u>Contract Balance</u>
HS Fire Alarm Upgrades	\$ 320,969	\$ 66,644	\$ 254,325

These projects are being financed with Building Renewal Grant Fund.

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the District for the year ended June 30, 2022:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Bonds payable	\$ 7,845,000	\$ -	\$ (1,045,000)	\$ 6,800,000	\$ 1,025,000
Bond premium	504,427	-	(84,071)	420,356	-
Net pension liability	10,990,212	2,075,228	(4,787,520)	8,277,920	-
Financed purchases	283,582	-	(107,763)	175,819	110,447
Compensated absences	67,833	95,585	(90,015)	73,403	7,000
Total	<u>\$ 19,691,054</u>	<u>\$ 2,170,813</u>	<u>\$ (6,114,369)</u>	<u>\$ 15,747,498</u>	<u>\$ 1,142,447</u>

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - BONDS PAYABLE

The District's bonded debt consisted of the following outstanding school improvement and refunding revenue bonds. The bonds are noncallable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays bonded debt from voter-approved property taxes recorded in the Debt Service Fund.

The following bonds were outstanding at June 30, 2022:

<u>Governmental activities:</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2022</u>	<u>Due Within One Year</u>
School improvement bonds:					
Project 2017, Series A (2017)	\$ 8,710,000	4.0%	7/1/22-27	<u>\$ 6,800,000</u>	<u>\$ 1,025,000</u>

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,025,000	\$ 251,500	\$ 1,276,500
2024	1,065,000	209,700	1,274,700
2025	1,110,000	166,200	1,276,200
2026	1,155,000	120,900	1,275,900
2027	1,200,000	73,800	1,273,800
2028	<u>1,245,000</u>	<u>24,900</u>	<u>1,269,900</u>
Total	<u>\$ 6,800,000</u>	<u>\$ 847,000</u>	<u>\$ 7,647,000</u>

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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. The 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 its website at www.azasrs.gov.

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

Retirement initial membership date:

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

*With actuarially reduced benefits.

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

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

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. In addition, the District is required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 percent for retirement, and 0.09 percent for long-term disability) of annual covered payroll of retired members who may have worked for the District in positions an employee who contributes to the ASRS would typically fill. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, and for the two preceding years, all of which were equal to the required contributions, were as follows:

<u>Year ended June 30</u>	<u>Retirement Fund</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability Fund</u>	<u>Total Contributions</u>
2022	\$ 836,600	\$ 14,628	\$ 12,651	\$ 863,879
2021	822,422	27,531	11,892	861,845
2020	792,460	33,913	10,915	837,288

During fiscal year ending June 30, 2022, the District paid for pension and OPEB contributions as follows:

<u>Fund:</u>	<u>Pension and OPEB Contribution</u>	<u>Percentage by Fund</u>
General Fund	\$ 671,040	77.68 %
Other Governmental Funds	192,839	22.32 %
Total	<u>\$ 863,879</u>	<u>100.00 %</u>

The District's OPEB balance and related activity for the fiscal year ending June 30, 2022, was immaterial, therefore, related disclosures have been omitted.

Liability - At June 30, 2022, the District reported a pension liability of \$8,277,920 for its proportionate share of the ASRS' net pension liability.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The net liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The total liability as of June 30, 2021, reflects changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent.

The District's proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

	Proportion June 30, 2021	Increase (Decrease) From June 30, 2020
Pension	0.0630 %	(0.0004)%

Expense - For the year ended June 30, 2022, the District recognized \$500,178 of pension expense.

Deferred outflows/inflows of resources - At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 126,189	\$ -
Changes in assumptions or other inputs	1,077,438	-
Net difference between projected and actual earnings on pension plan investments	-	2,622,736
Changes in proportion and differences between District contributions and proportionate share of contributions	-	180,293
District contributions subsequent to the measurement date	<u>836,600</u>	<u>-</u>
Total	<u>\$ 2,040,227</u>	<u>\$ 2,803,029</u>

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to ASRS pensions will be recognized in expenses as follows:

Year ending June 30	Deferred Outflows (Inflows)
2023	\$ (126,104)
2024	8,696
2025	(578,179)
2026	(903,815)
2027	-
Thereafter	-
Total	\$ (1,599,402)

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increase	2.9 - 8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP
Recovery rates	2012 GLTD for long-term disability
Healthcare cost trend rate	Not applicable

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

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50.00 %	4.90 %
Fixed income - credit	20.00 %	5.20 %
Fixed income - interest rate sensitive	10.00 %	0.70 %
Real estate	20.00 %	5.70 %
Total	<u>100.00 %</u>	

Discount rate - At June 30, 2021, the discount rate used to measure the ASRS total pension liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the: Net pension liability	\$ 13,020,475	\$ 8,277,920	\$ 4,323,942

Plan fiduciary net position - Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

Contributions payable - The District's accrued payroll and employee benefits included \$46,176 of outstanding pension amounts payable to ASRS for the year ended June 30, 2022.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - FINANCED PURCHASES

The District has acquired copiers, transportation equipment, fire alarm system, and energy retrofit lighting system under the provisions of contract agreements classified as financed purchases.

The assets capitalized and acquired through financed purchases are as follows:

Asset	Governmental Activities
Energy saving equipment	\$ 741,000
Copiers	108,813
Fire alarm system	84,741
Transportation equipment	32,701
Total assets	967,255
Less accumulated depreciation	(463,818)
Total assets, net	\$ 503,437

The following schedule details debt service requirements to maturity for the District's financed purchases at June 30, 2022:

Year ending June 30	Governmental activities	
	Principal	Interest
2023	\$ 110,447	\$ 8,117
2024	47,195	2,481
2025	18,177	665
Total	\$ 175,819	\$ 11,263

NOTE 11 - DEFICIT FUND BALANCES

The District reported a deficit fund balance in the following funds:

	Deficit
Other Governmental Funds:	
Energy and Water Savings	\$ 14,598
Building Renewal Grants	54,292

The deficits are due to the differences of the District being allowed to expend up to approved award amounts and the timing of related revenue to be received by the District. Future receipts are expected to eliminate the deficit fund balances.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - INTERFUND TRANSFERS

The following is a summary of interfund transfers reported as of June 30, 2022:

Funds	Interfund	
	Transfers In	Transfers Out
General Fund	\$ 714,767	\$ 65,000
Other Governmental Funds	65,000	714,767
Total	\$ 779,767	\$ 779,767

The transfer was made to move indirect costs from federal grant funds to the Indirect Costs Fund, which is grouped within the General Fund.

NOTE 13 - 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 is a member of the Arizona School Risk Retention Trust, Inc (ASRRT), together with other school districts in the state. ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for member school districts. 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.

For employee health insurance, the District is a member of the Arizona School Boards Association Insurance Trust (ASBAIT), together with other school districts. ASBAIT was established in 1981 by the Arizona School Board Association. Its formation was in response to Arizona school administrators desire to obtain comprehensive health benefits at reasonable costs. ASBAIT operates by an "Agreement and Declaration of Trust" in accordance with the laws of the State of Arizona, including, without limitation, §15-382 A.R.S. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District is a member of the Arizona School Alliance for Workers' Compensation, Inc. (the Alliance). The Alliance was established in 1996 and is structured as a self-insurance pool that is owned and governed by its members. The agreement provides that the Alliance will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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

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

NOTE 15 - SUBSEQUENT EVENTS

Maintenance and Operation Budget Override - On November 8, 2022, the qualified voters of the District approved a Maintenance and Operation Budget Override beginning with the fiscal year 2022-23 and for the six subsequent years. The override allows the District to exceed the revenue control limit by ten percent. The amount of the proposed increase of the proposed budget over the alternate budget for fiscal year 2022-23 is estimated to be \$936,013. In fiscal years 2022-23 through 2026-27, the amount of the proposed increase will be ten percent of the District's revenue control limit in each of such years, as provided in Section 15-481(P) of the Arizona Revised Statutes. In fiscal years 2027-28 and 2028-29, the amount of the proposed increase will be six and two-thirds percent and three and one-third percent, respectively, of the District's revenue control limit in each of such years, as provided in Section 15-481(P) of the Arizona Revised Statutes.

REQUIRED SUPPLEMENTARY INFORMATION

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WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		(Non-GAAP)	<u>Variance</u>
	<u>Adopted</u>	<u>Final</u>	Actual Amounts	
Revenues:				
Property taxes	\$ 6,900,388	\$ 7,991,629	\$ 5,992,156	\$ (1,999,473)
State aid and grants	2,162,214	2,504,150	1,877,622	(626,528)
Other local revenue	1,591,980	1,843,739	1,382,443	(461,296)
Total revenues	<u>10,654,582</u>	<u>12,339,518</u>	<u>9,252,221</u>	<u>(3,087,297)</u>
Expenditures:				
Regular education:				
Instruction	3,861,024	4,297,724	3,519,782	777,942
Support services - students and staff	858,246	1,008,983	827,880	181,103
Support services - administration	1,357,624	1,635,506	1,289,298	346,208
Operation and maintenance of plant	2,189,951	2,463,277	1,973,936	489,341
Operation of non-instructional services	21,000	22,500	8,200	14,300
School-sponsored cocurricular activities	85,835	87,335	72,133	15,202
School-sponsored athletics	145,310	145,310	138,481	6,829
Other programs	12,700	12,900	9,318	3,582
Total regular education	<u>8,531,690</u>	<u>9,673,535</u>	<u>7,839,028</u>	<u>1,834,507</u>
Special education:				
Instruction	991,850	1,146,165	731,020	415,145
Support services - students and staff	328,723	495,000	302,415	192,585
Support services - administration	50	100	-	100
Total special education	<u>1,320,623</u>	<u>1,641,265</u>	<u>1,033,435</u>	<u>607,830</u>
Student transportation services:				
Student transportation services	660,400	855,395	551,283	304,112
K-3 reading program:				
Instruction	36,378	47,150	47,151	(1)
Total expenditures	<u>10,549,091</u>	<u>12,217,345</u>	<u>9,470,897</u>	<u>2,746,448</u>
Excess (deficiency) of revenues over expenditures	105,491	122,173	(218,676)	(340,849)
Other financing sources (uses):				
Transfers in	-	-	674,979	674,979
Transfers out	-	-	(65,000)	(65,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>609,979</u>	<u>609,979</u>
Net changes in fund balances	105,491	122,173	391,303	269,130
Fund balance, July 1, 2021	<u>2,746,898</u>	<u>2,746,898</u>	<u>2,746,898</u>	<u>-</u>
Fund balance (non-GAAP), June 30, 2022	<u>\$ 2,852,389</u>	<u>\$ 2,869,071</u>	<u>\$ 3,138,201</u>	<u>\$ 269,130</u>

See note accompanying this schedule.

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2022

ASRS - Pension	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.06 %	0.06 %	0.07 %	0.07 %
District's proportionate share of the net pension liability	\$ 8,277,920	\$10,990,212	\$ 9,648,877	\$ 9,494,764
District's covered payroll	\$ 7,347,952	\$ 7,297,498	\$ 7,181,215	\$ 7,089,988
District's proportionate share of the net pension liability as a percentage of its covered payroll	112.66 %	150.60 %	134.36 %	133.92 %
Plan fiduciary net position as a percentage of the total pension liability	78.58 %	69.33 %	73.24 %	73.40 %

Reporting Fiscal Year (Measurement Date)				
2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
0.07 %	0.07 %	0.07 %	0.07 %	Information is not available. Additional information will be presented as it becomes available.
\$10,565,034	\$11,014,622	\$10,678,866	\$ 9,839,974	
\$ 6,960,081	\$ 6,633,670	\$ 6,723,957	\$ 6,390,940	
151.79 %	166.04 %	158.82 %	153.97 %	
69.92 %	67.06 %	68.35 %	69.49 %	

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
JUNE 30, 2022**

ASRS - Pension	Reporting Fiscal Year			
	2022	2021	2020	2019
Statutorily required contribution	\$ 836,600	\$ 822,422	\$ 792,460	\$ 779,417
District's contributions in relation to the statutorily required contribution	836,600	822,422	792,460	779,417
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,424,751	\$ 7,347,952	\$ 7,297,498	\$ 7,181,215
District's contributions as a percentage of covered payroll	11.27 %	11.19 %	10.86 %	10.85 %

Reporting Fiscal Year

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2014 through 2013</u>
\$ 739,715	\$ 712,461	\$ 729,710	\$ 737,351	\$ 813,840	Information is not available. Additional information will be presented as it becomes available.
<u>739,715</u>	<u>712,461</u>	<u>729,710</u>	<u>737,351</u>	<u>813,840</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 7,089,988	\$ 6,960,081	\$ 6,633,670	\$ 6,723,957	\$ 6,390,940	
10.43 %	10.24 %	11.00 %	10.97 %	12.73 %	

WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 - BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

- A. The General Fund, as reported in the budgetary comparison schedule, includes the District's Maintenance and Operation Fund (M&O) in addition to several other District funds consistent with accounting principles generally accepted in the United States of America. In accordance with Arizona Revised Statutes, the District is required to budget expenditures at the individual fund level.
- B. Expenditures that are allowable for budget reporting but not allowable as expenditures within the scope of generally accepted accounting standards are detailed and reconciled at the bottom of the following table.

The following schedule presents financial statement details of the District's M&O Fund, the main budgetary fund for the District per Arizona Revised Statutes, separately for analysis.

	General Fund				
	Revenues	Expenditures	Other Financing Sources (Uses)	Beginning Fund Balance	Ending Fund Balance
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - General Fund - GAAP	\$ 9,768,149	\$ 9,954,221	\$ 649,767	\$ 3,919,566	\$ 4,383,261
Less: budgeted special revenue funds reported within the General Fund	515,928	519,049	39,788	1,172,668	1,209,335
Maintenance and Operation - GAAP	<u>\$ 9,252,221</u>	<u>\$ 9,435,172</u>	<u>\$ 609,979</u>	<u>\$ 2,746,898</u>	<u>\$ 3,173,926</u>
Less: prior year encumbrance prepaid items	-	(305,682)	-	-	305,682
Add: current year encumbrance prepaid items	-	341,407	-	-	(341,407)
Maintenance and Operation - Non-GAAP	<u><u>\$ 9,252,221</u></u>	<u><u>\$ 9,470,897</u></u>	<u><u>\$ 609,979</u></u>	<u><u>\$ 2,746,898</u></u>	<u><u>\$ 3,138,201</u></u>

CONTINUING BOND DISCLOSURE TABLES

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**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
ENROLLMENT LAST 8 YEARS
JUNE 30, 2022**

**Average Daily Membership (ADM)
100-Day Count**

Fiscal Year Ended	ADM
June 30	
2022	1,170
2021	981
2020	1,347
2019	1,346
2018	1,436
2017	1,423
2016	1,425
2015	1,540

The District's 100-day ADM for the year ending June 30, 2022, was 1,170 students. The District has 11 principals and administrators, 77 certified teachers, and 78 classified support personnel. This creates an overall student to teacher ratio of 15:1

Source: Arizona Department of Education ADMS 46-1 report.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
GENERAL OBLIGATION BONDED DEBT OUTSTANDING
JUNE 30, 2022**

Issue/Series	Original Amount	Interest Rates	Remaining Maturity Dates	Balance Outstanding June 30, 2021
School Improvement Bonds, Series 2017A	\$ 8,710,000	4.0%	7/1/22-27	<u>\$ 6,800,000</u>

Source: District's financial records.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2022**

Legal Debt Margin Calculation for Fiscal Year 2022:

Net full cash assessed value	\$ 362,801,820
	<u>30%</u>
Debt limit (30% of assessed value)	<u>108,840,546</u>
Less: Net debt applicable to limit	<u>(6,800,000)</u>
Legal debt margin	<u><u>\$ 102,040,546</u></u>

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2022:

Net full cash assessed value	\$ 362,801,820
	<u>20%</u>
Debt limit (20% of assessed value)	<u>72,560,364</u>
Less: Net debt applicable to limit	<u>(6,800,000)</u>
Legal debt margin	<u><u>\$ 65,760,364</u></u>

Source: The District's financial records and State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022**

<u>Overlapping Jurisdiction</u>	<u>General Obligation Bonded Debt (b)</u>	<u>Proportion Applicable to the District (a)</u>	
		<u>Approximate Percent</u>	<u>Net Debt Amount</u>
State of Arizona	None	0.33%	None
Maricopa County	None	0.45%	None
Maricopa County Community College District	\$ 184,715,000	0.45%	\$ 831,218
Maricopa County Special Health Care District	730,462,381	0.45%	3,287,081
Yavapai County	None	0.92%	None
Yavapai County Community College District	None	0.92%	None
Festival Ranch Community Facilities District	30,825,000	100.00%	30,825,000
City of Buckeye	4,865,000	16.76%	815,374
City of Surprise	43,225,000	0.46%	198,835
Town of Wickenburg	None	83.23%	None
Western Maricopa Education Center (West-MEC)	144,220,000	1.40%	2,019,080
Wickenburg Unified School District No. 9	6,800,000	100.00%	<u>6,800,000</u>
Net Direct and Overlapping General Obligation Bonded Debt			<u><u>\$ 44,776,588</u></u>

(a) Utilizes the estimated percent of net limited assessed value of the indicated overlapping entity that lies within the District to the combined secondary assessed value of the overlapping municipal

Source: Property Tax Rates and Assessed Values, Arizona Tax Research Foundation and State and County Abstract of the Assessment Roll, Arizona Department of Revenue and official statements of the overlapping entities.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
 ASSESSED VALUATIONS OF MAJOR TAXPAYERS
 JUNE 30, 2022**

Major Taxpayer (a)	2020-21	
	Taxable Assessed Valuation	Percentage of District's Net Assessed Valuation
Arizona Public Service	\$ 2,615,421	0.72%
Store Master Funding XVII LLC	1,336,360	0.37%
NSJA Wickenburg LLC	1,231,938	0.34%
Southwest Gas Corporation	1,205,750	0.33%
BNSF Railway Company	1,165,081	0.32%
GVD Commercial Properties	1,031,580	0.28%
Snedcor William/Roberta Trust	545,310	0.15%
Nashua Southwest Dev Co	502,452	0.14%
Ranch On Jefferson	484,940	0.13%
Tegner Hotel LLC	410,400	0.11%
	\$ 10,529,232	2.90%

Note: Information for fiscal year 2021-22 not available as of report date.

Source: Office of the Assessor of the County and Town of Wickenburg ACFR

- (a) *Some of such taxpayers or their parent companies are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. None of the District, the Underwriter or their respective agents or consultants has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.*

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
NET ASSESSED PROPERTY VALUE BY CLASS AND
ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST SIX FISCAL YEARS**

Class	2022	2021	2020
Commercial, industrial, utilities & mines	\$ 53,114,892	\$ 66,809,945	\$ 48,025,661
Agricultural and vacant	31,928,663	55,654,927	31,598,453
Residential (owner occupied)	123,985,272	130,195,147	95,885,259
Residential (rental)	60,995,638	68,122,869	50,117,315
Railroad	2,078,833	2,203,673	1,939,198
Totals	<u>\$ 272,103,298</u>	<u>\$ 322,986,561</u>	<u>\$ 227,565,886</u>

Class	2019	2018	2017
Commercial, industrial, utilities & mines	\$ 46,793,857	\$ 37,737,801	\$ 32,843,925
Agricultural and vacant	30,686,803	30,289,984	30,683,183
Residential (owner occupied)	84,547,689	76,105,628	67,642,098
Residential (rental)	43,855,316	39,226,569	36,290,574
Railroad	1,929,494	1,896,977	1,753,512
Totals	<u>\$ 207,813,159</u>	<u>\$ 185,256,959</u>	<u>\$ 169,213,292</u>

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**WICKENBURG UNIFIED SCHOOL DISTRICT NO. 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Current Collections		Collections in Subsequent Years	Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 8,401,559	\$ 8,401,559	100.00%	N/A	\$ 8,401,559	100.00%
2021	8,473,622	8,136,717	96.02%	336,305	8,473,022	100.00%
2020	8,436,181	8,093,325	95.94%	342,856	8,436,181	100.00%
2019	8,540,197	8,141,865	95.34%	398,332	8,540,197	100.00%
2018	8,365,272	7,904,924	94.50%	460,348	8,365,272	100.00%
2017	9,054,268	7,896,459	87.21%	483,578	8,380,037	92.55%
2016	8,125,990	7,992,031	98.35%	133,959	8,125,990	100.00%
2015	8,607,572	8,336,311	96.85%	271,261	8,607,572	100.00%
2014	8,234,164	7,822,887	95.01%	411,277	8,234,164	100.00%
2013	8,219,631	7,788,133	94.75%	431,498	8,219,631	100.00%

Note 1: Amounts collected are on a cash basis.

Note 2: Data that was not available at time of report is noted as N/A.

Source: District's financial records.

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