OFFICE OF THE

ARIZONA STATE TREASURER

KIMBERLY YEE

TREASURER

September 30, 2025

VIA EMAIL & CERTIFIED U.S. MAIL

Dr. Aspasia Angelou
Superintendent
Nadaburg Unified School District No. 81
32919 Center Street
Wittmann, Arizona 85361

Re: Reconsideration Request for Cash Advancement

Dear Superintendent Angelou:

The Arizona State Treasurer's Office ("ASTO") has reviewed your September 24, 2025, and September 29, 2025, requests for reconsideration regarding an advancement of $3,000,000 pursuant to A.R.S. § 15-973(C) for the Nadaburg Unified School District No. 81 ("the District").

The first request for reconsideration offers "exponential enrollment growth" over the last five years as a justification for the cash advancement. The letter further states that this "growth has placed extraordinary demands on our classrooms, facilities, transportation services, and staffing," particularly "during the critical period between July 1 and the dates when property tax revenues are deposited to the district in January each year." Notably, District "growth" is a new justification not contained in the advancement request letter *or* the meeting minutes. Additionally, the District indicated that the cash advance requests pertain to needs related to "classrooms" and "facilities." However, as you are aware, cash advances are intended for current expenses and not for capital funding purposes.

The second request for reconsideration offers a different explanation. Specifically, it explains that a clerical error resulted in misstating the District's financial deficit and that the $5,000,000 deficit should really be a $1,300,000 positive cash balance.

Separately, ASTO has become aware that the District's shortage in cash for FY26 may be due to a TANS loan for $1.7 million received in September 2024 that became due in July 2025. ASTO was also informed of allegations that the District's business manager and chief financial officer left the District in late 2024/early 2025, and because of these departures, the District was unaware of the TANS loan's due date.

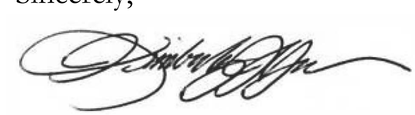
The requests for reconsideration have not alleviated the concerns outlined in the denial letter. ASTO affirms its decision to deny the advancement under A.R.S. § 15-973(C) at this time.[1] ASTO is happy to meet with the District to discuss these matters, but ultimately ASTO does not have the power to conduct a formal investigation into the allegations raised against the District, which is why the matter was referred to the Auditor General. ASTO's role is to review requests and exercise its discretion to determine whether the advancement is necessary to satisfy current expenses.

To that end, if District seeks further reconsideration, ASTO requires additional information to determine whether the advancement is necessary to meet current expenses, including: (1) a revised cashflow projections; (2) an explanation as to how this alleged clerical error occurred; (3) an explanation as to how the new projections impact the concerns outlined in ASTO's denial letter; including the District's ability to keep expenses within budgeted revenue and any plan to cut spending; (4) an explanation as to how the new projections impact the justifications offered in the District's initial request for reconsideration; (5) an explanation regarding the TANS loan and its impact on the District's request; (6) an explanation as to the District's justification for the cash advancement in light of the changed financial position; and (7) detailed explanation to support the District's necessity of $3,000,000 for current expenses as it relates to the District's current financial position.

Contrary to your suggestion, ASTO is not somehow politicizing the District's request. Of course, ASTO is concerned about the well-being of every school district in this State, including the Nadaburg Unified School District. ASTO recognizes the importance of keeping educational operations running and recommends that while this matter is ongoing, the District request temporary warrants from the County under A.R.S. § 15-304.

As the State Treasurer, I am elected with the primary duty of being a responsible steward of all Arizonans' taxpayer dollars. This includes a duty to responsibly and prudently manage, invest, and disburse state monies under the Arizona Constitution and state law. The fact that A.R.S. § 15-973(C) requires three different units of government, with different scopes of authority, to approve a school district's cash advancement request only underscores ASTO's responsibility to prioritize this important duty.

Sincerely,



Hon. Kimberly Yee
Treasurer of Arizona

[1] Again, ASTO reserves the right to reconsider this request upon a demonstration of necessity or upon conclusion of investigations by the appropriate bodies, including but not limited to the Arizona Auditor General, the Joint Legislative Audit Committee, and the Arizona State Board of Education.

cc:
Joint Legislative Audit Committee, Chair, Senator Mark Finchem (mfinchem@azleg.gov)
Joint Legislative Audit Committee, Vice-Chair, Representative Matt Gress (mgress@azleg.gov)
Auditor General, Lindsey A. Perry (lperry@azauditor.gov)
Arizona State Board of Education, President, Katherine Haley (katherine.haley@azsbe.az.gov)
Arizona State Board of Education, Executive Director, Sean Ross (sean.ross@azsbe.az.gov)
Arizona Department of Administration, Director, Elizabeth Alvarado-Thorson (elizabeth.thorson@azdoa.gov)
Arizona Attorney General's Office, Solicitor General, Joshua Bendor (joshua.bendor@azag.gov)
Arizona Attorney General's Office, Deputy Solicitor General, Alexander Samuels (alexander.samuels@azag.gov)
Maricopa County Treasurer, John M. Allen (john.allen@maricopa.gov)
Maricopa County Superintendent, Shelli Boggs (superintendent@maricopa.gov)