
BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SELLS, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025



**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SELLS, ARIZONA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40

TABLE OF CONTENTS

JUNE 30, 2025

INTRODUCTORY SECTION

Letter of Transmittal	6
Organizational Chart	15
List of Principal and Elected Officials	16
ASBO International Certificate of Excellence in Financial Reporting	17
GFOA Certificate of Achievement for Excellence in Financial Reporting	18

FINANCIAL SECTION

Independent Auditors' Report	20
Management's Discussion and Analysis	24
Basic Financial Statements:	
Governmental-wide Financial Statements	
Statement of Net Position	33
Statement of Activities	34
Fund Financial Statements	
Governmental Funds - Balance Sheet	35
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	36
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	37
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and	38
Changes in Fund Balances to the Statement of Activities	
Notes to the Basic Financial Statements	40

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability and Contributions	
Cost Sharing Pension Plan	58
Budgetary Comparison Schedule for the General Fund (Budgetary Basis)	59
Budgetary Comparison Schedule for the Special Projects Fund	60
Notes to the Required Supplementary Information	61

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Fund Descriptions	63
Combining Statements - Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental Funds	65
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - Classroom Site Fund	66
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - Instructional Improvement Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - Other Special Revenue Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - Food Service Fund	69
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - School Facilities Division Grant Fund	70

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40

TABLE OF CONTENTS

JUNE 30, 2025

STATISTICAL SECTION	
Statistical Section Descriptions	72
Financial Trends:	
Net Position by Component	73
Changes in Net Position	74
Fund Balances - Governmental Funds	75
Changes in Fund Balances of Governmental Funds	76
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	77
Direct and Overlapping Property Tax Rates	78
Principal Property Taxpayers	79
Property Tax Levies and Collections	80
Debt Capacity:	
Outstanding Debt by Type	81
Direct and Overlapping Governmental Activities Debt	82
Legal Debt Margin Information	83
Demographic and Economic Information:	
State-Wide Demographic and Economic Statistics	84
Principal Employers	85
Full-Time Equivalent District Employees by Type	86
Average Daily Membership	87
Operating Information:	
Operating Statistics	88
Teacher Base Salaries	89
Capital Asset Information	90

INTRODUCTORY SECTION



BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40

December 1, 2025

Community Members and Governing Board
Indian Oasis Baboquivari Unified School District No. 40
dba: Baboquivari Unified School District No. 40
PO Box 248
Sells, Arizona 85634-0248

State law mandates that school districts are required to undergo an annual single audit and publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the state of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Baboquivari Unified School District No. 40 for the fiscal year ended June 30, 2025.

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

The District's financial statements have been audited by Advisent Assurance, LLP, a certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ending June 30, 2025, and that statement are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor is working on concluding, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE DISTRICT

The District is one of 18 public school districts located in Pima County, Arizona. The District was initially founded as Indian Oasis Elementary District #40 in 1919, Baboquivari High School District #24 was founded in 1913 and discontinued in 1917 and subsequently reorganized in 1934. On July 1, 1953, it was annexed and lapsed into what is now San Fernando Elementary District #35 and Altar Valley Elementary District #51. Baboquivari High School District #40 was organized in 1979 and in 1982, Indian Oasis-Baboquivari Unified District #40 was consolidated as it exists today. The District serves an estimated 1,000 students from preschool through grade 12.

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity.

Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and athletic functions.

The Baboquivari Unified School District No. 40 is located within the Tohono O'odham Nation, a federally recognized tribe that includes approximately 30,000 members occupying tribal lands in Southwestern Arizona. The Tohono O'odham Nation is the second largest reservation in Arizona in both population and geographical size with a land base of 2.8 million acres and 4,460 square miles, approximately the size of the State of Connecticut.

The District's transportation department covers the main Tohono O'odham reservation within Pima County, Arizona, daily to transport students. More than three-quarters of the Tohono O'odham Reservation is within the borders of the Baboquivari Unified School District. The San Xavier District is separate from the main reservation, is located in Tucson, and is not part of the Baboquivari Unified School District. The Tohono O'odham reservation is within the Santa Rosa, Sierrita, Combabi, Sand Tank, and Saucedo mountain range. Land elevations range between 850 and 8,000 feet above sea level. The area is bounded on three sides by township lines and is bordered to the South by the country of Mexico. Access to some of the villages is difficult, if not impossible, during strong rains.

The District schools consist of a Primary Campus serving preschool through third grade; Intermediate Campus serving grades fourth through sixth; Secondary Campus serving grades seventh through 12th; and an Alternative Campus serving grades sixth through 12th. Our demographic includes 90.7% Native American Students, 8.88% Hispanic, and <2% other.

Our Vision is our students will be LOVED, ENCOURAGED, and PREPARED to take on the world by embracing our HIMDAG (our way of life). We work towards our vision by providing several social emotional support systems to include Social and Emotional Learning (SEL), Positive Behavior Intervention Support (PBIS), Trust Based Relational Intervention (TBRI). These support systems continue to evolve through a Multi-Tiered System of Supports (MTSS) for Tier 1, Tier 2, and Tier 3 level students, depending on their needs.

Our mission is to create healthy, inspiring, motivating, developing, achieving graduates (HIMDAG), through a systematic and embedded approach to being a Trauma Informed District. We use the ideas of connecting and creating relationships with students and families to create positive learning experiences for all students. Our purpose each day is to create a positive academic impact on every child's life.

In order to achieve this success, we have had to create optimal opportunities to recruit and retain exceptional staff. We have done this by becoming one of the competitive paying entry salaries for all certified teachers in the state of Arizona. We also provide affordable housing and a commuter bus that will transport staff from Tucson to Sells, Arizona, and back home. All teachers receive laptops to perform their work responsibilities on the free Internet-equipped bus if desired. We also support our staff by paying 100% of their medical insurance. Hiring the best teachers ensures that our students are receiving a quality education.

According to the Arizona Department of Education Accountability Reports Published as of November 17, 2025, the BUSD Graduation rates have gradually increased each year for the last five (5) years. BUSD has increased the graduation rate from 49.3% to 81.7% a total of 32.4%, a 17.53% increase just in the last year.

Cohort 2022 2021-2022	Cohort 2023 2022-2023	Cohort 2024 2023-2024	Cohort 2025 2024-2025	Cohort 2026 2025-2026
49.3%	54.63%	61.05%	64.18%	81.71%

PERFORMANCE:

ELA Proficiency: State Tests	2022-2023	2023-2024	2024-2025
3	11.84	28.06	21.71
4	12.05	19.46	35.29
5	7.16	12.09	26.62
6	21.14	23.38	12.41
7	10.71	23.17	19.66
8	39.46	19.46	25.9
11-ACT	2.61	6.86	10.26
District Average	15	18.93	21.69

According to the Arizona Department of Education AASA and ACT 2025 Accountability Reports, for the last three school years (FY 2023, FY 2024, FY 2025), In ELA, BUSD has been fluctuating by grade level, but increasing the percentage of students showing ELA proficiency as a District. For instance, there has been a total increase of 6.6% of students in the proficient level from FY 2023 with FY 2025.

Math Proficiency: State Tests	2022-2023	2023-2024	2024-2025
3	16.36	32.79	24.34
4	11.43	14.4	23.14
5	5.37	5.65	24.23
6	7.61	4.55	15.56
7	2.38	7.97	8.7
8	7.86	1.62	9.1
11-ACT	3.4	11.67	19.53
District Average	7.77	11.24	17.8

According to the Arizona Department of Education AASA and ACT 2025 Accountability Reports, for the last three school years (FY 2023, FY 2024, FY 2025), BUSD Math has also been fluctuating by grade level, but increasing the percentage of students showing proficiency as a District. For instance, there has been a total increase of 10% of students in the proficient level from FY 2023 with FY 2025.

The Arizona Department of Education monitors the schools progress and school districts progress across the State using A-F letter grades. For the last school year 2024-2025, the Intermediate Campus and the Baboquivari High School have earned the Arizona Department of Education letter grade of "B" and so has the Baboquivari Unified School District. Baboquivari Middle School and Accelerated have maintained their letter grade of "C". See table 1 below to see the BUSD letter grades assignation from 2017 to 2025 below.

Table 1: BUSD Letter Grade Progress

	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
IOES IC	C	C	C	NG*	NR**	D	C	B
BMS	F	F	F	NG*	NR**	C	C	C
BMHS	D	D	D	NG*	D	C	C	B
IOHS	-	-	-	NG*	F	D	C	C
DISTRICT	-	-	-	NG*	NR**	C	C	B

NOTES: *NG: No Grade due to COVID ** NR: Not Rated due to COVID

Some of our initiatives include:

- Data Dive ILT, PLC's, and Board Retreats
- Thinking Classroom
- Student Advocacy
- AVID
- Beyond Textbooks District-wide
- SFA Reading program for K-6th students
- Engagement Strategies through: Models of Instruction, Kagan, AVID, and Ron Clark Academy
- District-wide classroom visits
- A District Curriculum and Instruction Department focused on aligning assessments, coaching for teachers, and quality professional development for new teachers, a teacher academy, and principals
- Low Class Size at a 20:1 ratio for K-6 students
- Cognitive Coaching
- A growing JTED Program including Culinary, Welding, Agriculture, Auto shop, Digital Filming, and next year Nurse Assistant Program.

We work with many agencies to support our students' emotional and behavioral needs, as well as work with local and state colleges to support a seamless transition to college and/or career. Our financial team works diligently to support schools and students, as well as being proactive in having processes in place to support compliance in the use of funds.

Due to COVID-19, our schools operated virtually the entire year. Our in-person instruction reconvened at the beginning of the FY22 year with a full virtual model and transitioned into a hybrid A/B model to maintain social distancing as required by the Tohono O'odham Nations COVID executive order. Our District is fortunate enough to have all the technology to support students with devices, as well as technology to support teachers with devices, document cameras, and other assistive technology. Since 2022, BUSD has been devoting funds to close the learning gap left behind by COVID through after-school tutoring, winter credit recovery, summer school, and summer credit recovery.

The District continues to struggle with recruitment and retention of educators and has started recruiting J1 and H1b international teachers. As a result, the District has increased staffing and can retain these educators for a three-year window. In order to utilize this process extensively in the future, the District will have to address the housing needs of the increased staff relocating to the District.

BUDGET PROCESS AND CONTROLS

The annual budget process serves as the foundation for the District's financial planning and control. Every year, the District's Governing Board adopts a budget and approves the related appropriations for each fund. Year-to-date expenditure budgets for all funds are presented at monthly board meetings and are available for review for each school and department. Every April, year-end deadlines are provided to each school and department to ensure the general fund grant funds are maximized and no more than 15% budget balances are carried forward to the new year when allowed. The Expenditure Budget is revised (when required), approved by the board, and submitted to the Arizona Department of Education a maximum of four times a year. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Remoteness and lack of economic development have resulted in a high poverty rate and a high unemployment rate. Jobs are concentrated in federal, state, and tribal agencies.

The District serves approximately 1,000 students. Approximately 90% of our student population is Native American, and 100% of our students receive free breakfast and lunch through the Community Eligibility Provision under the National School Breakfast and Lunch Program. More than 90% of our students are transported by BUSD, and those living in remote areas may spend up to two hours each way on the bus.

Approximately 50% of the District's funding comes from State Equalization, while the remaining 50% is primarily generated through Federal Impact Aid, due to trust land being exempt from property taxes. In addition, federal and state grants provide a significant supplemental source of funding.

Long-Term Financial Planning

There is very little building or financial growth on the Tohono O'odham Reservation or in the community of Sells at this time. Subsequently, Baboquivari Unified School District is not a growing district; therefore the projected enrollment for FY 2025-2026 is equal to the current year enrollment. There are some buildings that are aging and in need of repair. Currently, through School Facilities Board funding, all schools are undergoing roof replacement while the district has invested close to eight million dollars in replacing air-conditioning units over 20 years old. Over \$13,000,000 worth of funding for the renovations is being paid from SFB.

There is a preventive maintenance plan in place to ensure the care of all facilities. The Intermediate Campus' oldest building is 41 years old and the newest building is 31 years old. The Baboquivari Middle/High School facility is the newest facility, the oldest building is 30 years old and the newest building is 18 years old.

BUSD no longer operates any buses without air conditioning. The District currently runs 20 routes to serve an area roughly the size of Connecticut. In FY 2025, BUSD added six new buses to its fleet to replace aging units. The District has made significant investments in modernizing its transportation operations, including acquiring air-conditioned buses and partnering with Bee Line to ensure adequate vehicle availability and driver support.

BUSD prioritizes safe, consistent, and on-time student transportation. As a result of these improvements, the District is operating with a cumulative average mainstream student ridership utilization rate of 127% and an on-time performance rate of 98%.

As of November 2025, BUSD applied for and received three COPS Grants totaling \$1,485,043 to replace hardware and software to improve surveillance hardware and safety features at each site, and soon intercoms and door access. This grant supports the District's long-term financial planning while helping to establish a safer learning environment.

Pension Plan

The District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The District's contribution to the System for the year ended June 30, 2025, was equal to the required contribution for the year.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal years ended June 30, 2017, 2018, 2019, 2020, 2021, and 2024. Fiscal year 2017 was the first year the District received this prestigious award in recent years. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal years ended June 30, 2017, 2018, 2019, 2020, 2021, and 2024. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements, and we are submitting it to ASBO International and GFOA to determine its eligibility for the fiscal year ended June 30, 2025, certifications.

In 2022, BUSD was the recipient of the SBA Golden Bell Promise Program Award. In 2023, Our Governing Board Member Sylvia Hendricks received the Board Member of the year Award.

Acknowledgments

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

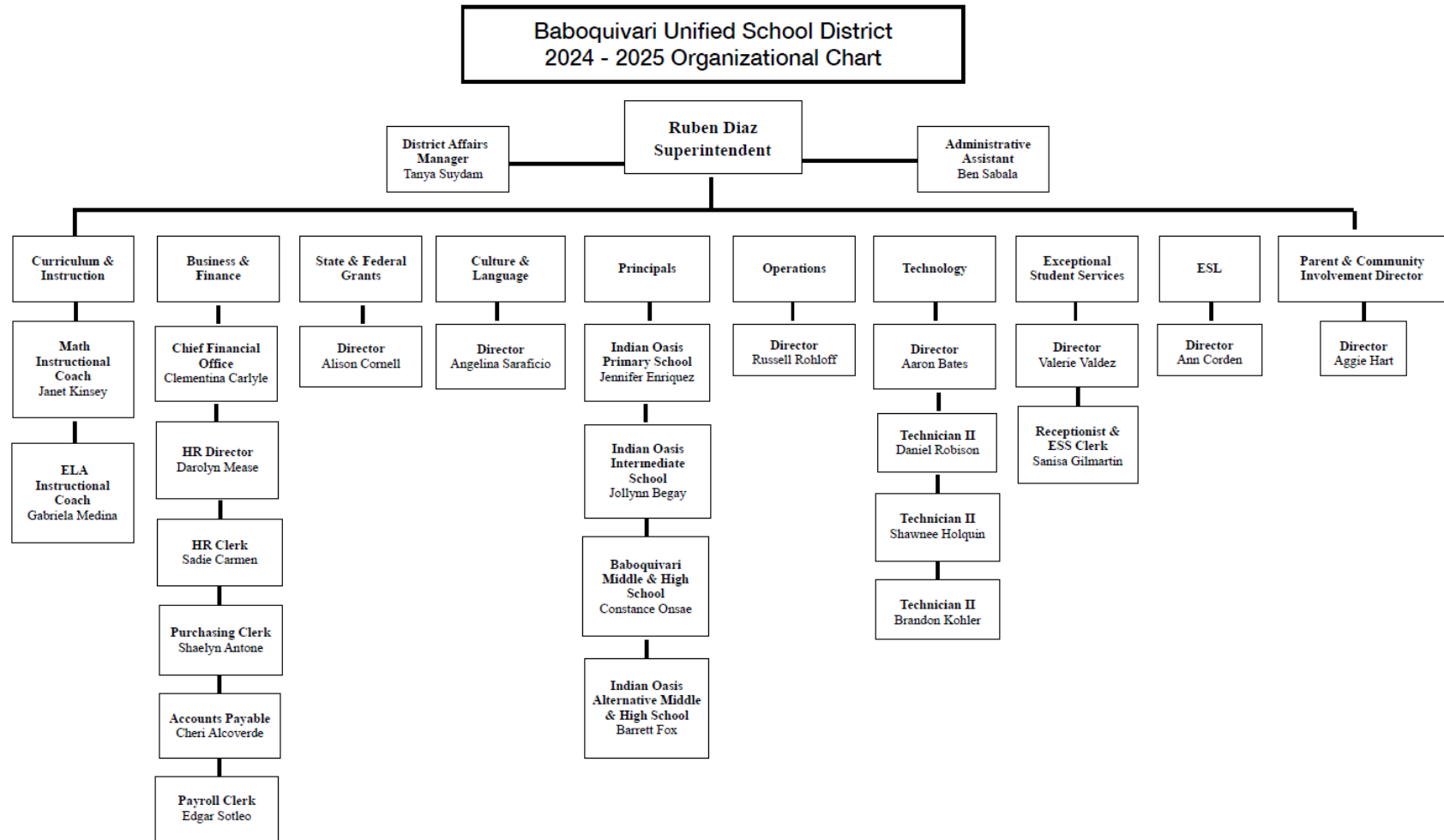
In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rubén Díaz". The signature is stylized with a large, looped 'R' and a distinct 'D'.

Mr. Rubén Díaz, Superintendent
Baboquivari Unified School District

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2025



BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
LIST OF PRINCIPAL AND ELECTED OFFICIALS
YEAR ENDED JUNE 30, 2025

GOVERNING BOARD

Juan Buendia
President

Kathleen Vance
Board Clerk

Annamarie Stevens
Board Member

Ella Mae Greasewood
Board Member

ADMINISTRATIVE STAFF

Ruben Diaz
Superintendent

Clementina Carlyle
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Baboquivari Unified School District
for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Baboquivari Unified School District No. 40
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Baboquivari Unified School District No. 40
Sells, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baboquivari Unified School District No. 40 (the "District"), as of and for the year ended June 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Baboquivari Unified School District No. 40, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

Emphasis of Matters

As discussed in Note 6 and 10 to the basic financial statements, for the year ended June 30, 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

As discussed in Note 10 to the financial statements, the District restated beginning fund balances of its financial statements for the year ended June 30, 2025, to correct an error in its previously issued financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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, pension schedules, and budgetary comparison information, as listed within the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 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.

Advisent Assurance, LLP

Mesa, Arizona
December 1, 2025

REQUIRED SUPPLEMENTARY INFORMATION

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

As management of the Baboquivari Unified School District No. 40 (District), we offer the 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, 2025. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$58.8 million (net position). The District's total net position increased by \$6.6 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$22.7 million, an increase of \$2.6 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19.7 million, or 110% of total General Fund expenditures.
- The District's net capital assets increased \$3.0 million in the current year.
- The District's long-term liabilities decreased by \$2.3 million during the current year. The decrease was due to changes in the ASRS actuarial valuation. More information can be found within Note 9.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes to 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., earned but, unused compensated absences).

The government-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this MD&A.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the District are reported as governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions 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 and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Projects Fund, and School Facilities Board Grant Fund, which are considered major funds. Data from the other five governmental funds are combined into a single aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Encumbered amounts lapse at year-end. An annual budget of revenue from all sources is not prepared.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management.

The basic governmental fund financial statements can be found following the Management's Discussion and Analysis as presented within the Table of Contents.

Notes to the Basic Financial Statements

The notes to the basic financial statements 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 basic financial statements can be found following the basic financial statements and presented within the Table of Contents.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Required Supplementary Information Other than MD&A

The District reports a multi-year schedule of the District's proportionate share of net pension liability and contributions to its cost-sharing pension plan on the pages presented within the Table of Contents.

Governments have the option of presenting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Special Projects Fund budgetary comparison schedules as RSI other than the MD&A which can be found on the pages as presented within the Table of Contents. Notes to the RSI are presented after the budgetary comparison schedules.

Other information

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found as presented within the Table of Contents.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical section can be found on the pages as presented within the Table of Contents.

Government-Wide Financial Analysis

As noted earlier, 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 \$58.8 million at the close of the most recent fiscal year.

A summary of the District's statement of net position is presented below:

	Governmental Activities		
	(Restated)		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 25,671,244	\$ 23,456,212	\$ 2,215,032
Capital assets	48,658,655	45,627,999	3,030,656
Total Assets	74,329,899	69,084,211	5,245,688
DEFERRED OUTFLOWS	1,934,423	1,615,445	318,978
Total Assets and Deferred Outflows	76,264,322	70,699,656	5,564,666
LIABILITIES			
Current liabilities	2,563,857	2,779,908	(216,051)
Long-term liabilities	12,444,359	14,774,123	(2,329,764)
Total Liabilities	15,008,216	17,554,031	(2,545,815)
DEFERRED INFLOWS	2,449,399	975,223	1,474,176
Total Liabilities and Deferred Inflows	17,457,615	18,529,254	(1,071,639)
NET POSITION			
Net investment in capital assets	47,735,949	43,959,281	3,776,668
Restricted	4,344,706	4,965,402	(620,696)
Unrestricted	6,726,052	3,245,719	3,480,333
Total Net Position	\$ 58,806,707	\$ 52,170,402	\$ 6,636,305

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., construction in progress, land improvements, buildings and improvements, vehicles, right-to-use subscription equipment, and furniture), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net position.

Overall, net position increased \$6.6 million. Key elements of this increase are indicated within the following pages.

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 209,092	\$ 210,153	\$ (1,061)
Operating grants and contributions	6,342,977	9,095,988	(2,753,011)
Capital grants and contributions	3,467,668	9,631,024	(6,163,356)
General revenues:			
State equalization and additional state aid	8,845,824	8,881,004	(35,180)
Federal aid unrestricted	9,724,285	11,739,924	(2,015,639)
Interest and other	1,642,939	956,222	686,717
Total Revenues	30,232,785	40,514,315	(10,281,530)
EXPENSES			
Instruction	7,862,191	8,639,348	(777,157)
Support Services:			
Students and instructional staff	2,827,835	3,132,627	(304,792)
Administration	1,699,276	1,817,677	(118,401)
Business and other support services	1,717,052	2,028,197	(311,145)
Operation and maintenance of plant	4,226,964	4,800,734	(573,770)
Operation of noninstructional services	1,160,897	1,030,941	129,956
Student transportation	4,102,265	3,448,954	653,311
Total Expenses	23,596,480	24,898,478	(1,301,998)
Change in net position	6,636,305	15,615,837	(8,979,532)
Net Position - Beginning, As Restated	52,170,402	36,554,565	15,615,837
Net Position - Ending	\$ 58,806,707	\$ 52,170,402	\$ 6,636,305

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Program Revenues

The decrease in charges for services was not considered significant.

Operating grants and contributions decreased \$2.8 million (-30%). This decrease was mainly due to decreases in ESSER funding and other state and federal program funding received through the Arizona Department of Education (ADE).

The District experienced a decrease in capital grants and contributions of \$6.2 (-64%) million due to a decrease in funding from the Arizona School Facilities Division for capital improvement and repair projects.

General Revenues

The decrease in state equalization and additional state aid was not considered significant.

Federal aid unrestricted decreased \$2.0 million (-17%) due to decreases in Impact Aid funding.

Interest and other income increased \$0.7 million due to increases in the interest revenue earned from cash held on deposit with the county treasurer and an increase in miscellaneous deposits.

The District incurred a 5% decrease in expenses in the current year. The District's mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The decrease was mainly due to decreases in administrative services, purchased professional services, professional development and travel, repair, technology, and other miscellaneous expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$22.7 million, an increase of \$2.6 million in comparison with the prior year. Approximately 87% of this total amount (\$19.7 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is restricted to indicate that it is not available for new spending.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Fund balances as of June 30, 2025, and the changes in fund balances from the prior year are summarized below:

	Balance	Increase (Decrease) From 2023-24
GOVERNMENTAL FUND		
General Fund	\$ 19,685,387	\$ 2,428,338
Special Projects Fund	915,021	(18,950)
School Facilities Division Grant Fund	3,783	(58,342)
Nonmajor Governmental Funds	2,049,058	228,573
Total Governmental Fund Balance	\$ 22,653,249	\$ 2,579,619

The General Fund is the chief operating fund of Baboquivari Unified School District No. 40. As a measure of the General Fund's liquidity, it may be useful to compare the fund balance of the General Fund to total General Fund expenditures. The fund balance of the General Fund represents 110% of total General Fund expenditures. The fund balance of the General Fund experienced an increase of \$2.4 million in the current year. This increase is due to continued conservative spending practices.

The change in the Special Projects Fund was not considered significant. The remaining fund balance within the Special Projects Fund is from unrestricted federal and state funds that will be expended in future years.

The change in the School Facilities Division Grant Fund was not considered significant.

The increase of \$0.2 million in the Nonmajor Governmental Funds was mainly due to increases in state funding, food sales, interest revenue, and other miscellaneous deposits, along with conservative spending practices.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$0.6 million. In Arizona, school districts build their original "adopted" budget based on a projection of the coming fiscal year's 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The increase between the adopted and final budget was allocated among various line items, mostly to regular education – instruction, regular education – operations and maintenance of plant, and other programs. Budgetary basis General Fund expenditures were \$0.5 million less than budget during the fiscal year. Budgetary-based expenditures were 3% less than budget during the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$48.7 million (net of accumulated depreciation). This investment in capital assets includes construction in progress, land improvements, building improvements, right-to-use subscription assets, vehicles, furniture, and equipment. The net increase in the District's investment in capital assets for the current fiscal year was 7%. The increase was mainly due to current year school improvement projects and capital purchases as noted on the following page.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Major capital asset events during the current fiscal year included the following projects:

- Roofing and weatherization projects.
- Purchase of school buses.
- Security camera equipment and subscriptions.
- District housing.
- Other vehicle purchases.

Capital asset activity as of June 30, 2025, is summarized below:

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Construction in progress	\$ 14,275,407	\$ 10,882,961	\$ 3,392,446
Land improvements	1,356,881	1,466,326	(109,445)
Buildings & improvements	29,388,901	30,150,279	(761,378)
Vehicles, equipment, and furniture	3,540,184	3,128,433	411,751
Right-to-use subscription assets	97,282	-	97,282
Total Capital Assets	\$ 48,658,655	\$ 45,627,999	\$ 3,030,656

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Debt

At end of the current fiscal year, the District's debt was limited to compensated absences and the net pension/OPEB liabilities. The District implemented the effects of GASB Statement No. 101, *Compensated Absences*, during the current fiscal year, which led to a restatement of the beginning balance. The change in compensated absences was not considered significant. The net pension liability decreased \$2.3 million due to various changes and assumptions made within the actuarial valuation as explained in Note 9 of this report.

	Governmental Activities		
	(Restated)		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Compensated absences	\$ 719,722	\$ 715,527	\$ 4,195
Net pension liability	11,722,703	14,047,112	(2,324,409)
Net OPEB liability	1,934	11,484	(9,550)
Total Long-term Liabilities	\$ 12,444,359	\$ 14,774,123	\$ (2,329,764)

Additional information on the District's long-term debt can be found in Note 6 of this report.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Inflationary factors and an increase in operating costs.
- Consideration of FTEs as enrollment declines.
- Continued School Facilities Division projects and repairs.

The above factors were considered in preparing the District's budget for the 2025-26 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, 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, Baboquivari Unified School District No. 40, P.O. Box 248, Sells, Arizona 85634-0248. See additional information on the District's website at www.busd40.org.

BASIC FINANCIAL STATEMENTS

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 22,229,168
Intergovernmental receivable	2,886,635
Accounts receivable	22,524
Interest receivable	78,779
Net OPEB asset	454,138
Capital assets, not depreciated	14,275,407
Capital assets, net of accumulated depreciation	34,383,248
Total Assets	74,329,899
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,849,801
Deferred outflows related to OPEB - cost sharing plan	84,622
Total Deferred Outflows of Resources	1,934,423
LIABILITIES	
Accounts payable	1,894,602
Accrued wages and benefits	416,623
Retainage payable	252,632
Long-term liabilities:	
Due within one year	525,553
Due in more than one year	11,918,806
Total Liabilities	15,008,216
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,278,948
Deferred inflows related to OPEB - cost-sharing plan	170,451
Total Deferred Inflows of Resources	2,449,399
NET POSITION	
Net investment in capital assets	47,735,949
Restricted:	
Net OPEB asset	454,138
Teacher compensation and other qualified programs (A.R.S 15-977)	490,630
Instructional improvement programs	369,099
Federal and state instructional programs	915,021
Food service	505,275
Civic center	64,408
Community programs	140,643
Vocational educational programs	51,700
Extracurricular activities	167,330
Student activities	88,493
Capital projects	1,097,969
Unrestricted	6,726,052
Total Net Position	\$ 58,806,707

See accompanying Notes to the Basic Financial Statements

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 7,862,191	\$ 65,784	\$ (4,544,905)	\$ -	\$ (12,341,312)
Support services:					
Students	1,754,234	19,754	1,324,889	-	(409,591)
Instructional staff	1,073,601	4,756	901,590	-	(167,255)
General administration	498,511	3,918	277,036	-	(217,557)
School administration	1,200,765	10,693	737,341	-	(452,731)
Business and other support services	1,717,052	13,319	1,089,878	-	(613,855)
Operation and maintenance of plant	4,226,964	34,150	2,812,105	-	(1,380,709)
Student transportation	4,102,265	33,351	2,632,113	-	(1,436,801)
Operation of noninstructional services	1,160,897	23,367	1,112,930	3,467,668	3,443,068
Total	\$ 23,596,480	\$ 209,092	\$ 6,342,977	\$ 3,467,668	(13,576,743)
General revenues:					
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					8,845,824
Federal aid not restricted					9,724,285
Investment earnings					946,755
Other					696,184
Total general revenues					20,213,048
Change in net position					6,636,305
Net position - July 1, 2024					52,469,836
Aggregate amount of adjustments to and restatements of beginning net position					
					(299,434)
Net position - July 1, 2024, as restated					52,170,402
Net position - ending					\$ 58,806,707

See accompanying Notes to the Basic Financial Statements

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Projects Fund	School Facilities Division Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 19,557,272	\$ 626,589	\$ 7,110	\$ 2,038,197	\$ 22,229,168
Receivables:					
Intergovernmental	787,481	1,123,182	919,206	56,766	2,886,635
Accounts receivable	20,233	992	-	1,299	22,524
Interest receivable	66,533	3,903	173	8,170	78,779
Total Assets	\$ 20,431,519	\$ 1,754,666	\$ 926,489	\$ 2,104,432	\$ 25,217,106
LIABILITIES					
Accounts payable	\$ 446,527	\$ 754,779	\$ 670,074	\$ 23,222	\$ 1,894,602
Accrued wages	299,605	84,866	-	32,152	416,623
Retainage payable	-	-	252,632	-	252,632
Total Liabilities	746,132	839,645	922,706	55,374	2,563,857
FUND BALANCES					
Restricted	-	915,021	3,783	2,049,058	2,967,862
Unassigned	19,685,387	-	-	-	19,685,387
Total Fund Balances	19,685,387	915,021	3,783	2,049,058	22,653,249
Total Liabilities and Fund Balances	\$ 20,431,519	\$ 1,754,666	\$ 926,489	\$ 2,104,432	\$ 25,217,106

See accompanying Notes to the Basic Financial Statements

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds \$ 22,653,249

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 87,505,908	
Accumulated depreciation	<u>(38,847,253)</u>	48,658,655

Net OPEB asset:

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, they are recognized in the period they are incurred. The net OPEB asset at the end of the period was:

454,138

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net pension liability	(11,722,703)	
Net OPEB liability	(1,934)	
Compensated absences	<u>(719,722)</u>	(12,444,359)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions:	1,849,801	
Deferred inflows of resources relating to pensions:	(2,278,948)	
Deferred outflows of resources relating to cost sharing OPEB	84,622	
Deferred inflows of resources relating to cost sharing OPEB	<u>(170,451)</u>	<u>(514,976)</u>

Total Net Position - Governmental Activities		<u>\$ 58,806,707</u>
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See accompanying Notes to the Basic Financial Statements

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Special Projects Fund	School Facilities Division Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Intergovernmental	\$ 18,570,109	\$ 4,314,895	\$ 3,297,258	\$ 2,294,295	\$ 28,476,557
Food sales	-	-	-	22,488	22,488
Auxiliary operations	25,778	-	-	-	25,778
Student activities	-	-	-	40,670	40,670
Rental income	120,156	-	-	-	120,156
Contributions and donations	-	-	-	26,768	26,768
Investment earnings	792,673	26,131	1	127,950	946,755
Other	678,143	-	3,783	14,258	696,184
Total Revenues	20,186,859	4,341,026	3,301,042	2,526,429	30,355,356
EXPENDITURES					
Current					
Instruction	4,650,800	1,553,531	-	1,253,283	7,457,614
Support services:					
Students	1,195,729	628,857	-	56,300	1,880,886
Instructional staff	557,806	587,342	-	1,237	1,146,385
General administration	481,835	15,656	-	-	497,491
School administration	1,253,184	55,435	-	2,825	1,311,444
Business and other support services	1,470,840	282,619	-	7,627	1,761,086
Operations and maintenance of plant	3,927,249	526,465	12,140	-	4,465,854
Student transportation	4,073,157	416,310	-	1,289	4,490,756
Operations of noninstructional services	62,938	67,824	-	975,295	1,106,057
Debt service:					
Principal	542	100,061	-	-	100,603
Capital outlay:					
Facilities acquisition	272,442	-	3,285,119	-	3,557,561
Total Expenditures	17,946,522	4,234,100	3,297,259	2,297,856	27,775,737
Excess (Deficiency) of Revenues					
Over Expenditures	2,240,337	106,926	3,783	228,573	2,579,619
Other Financing Sources (Uses)					
Transfers in	125,876	-	-	-	125,876
Transfers out	-	(125,876)	-	-	(125,876)
Net Financing Sources (Uses)	125,876	(125,876)	-	-	-
NET CHANGE IN FUND BALANCE	2,366,213	(18,950)	3,783	228,573	2,579,619
Fund Balance - July 1, 2024	17,257,049	933,971	62,125	1,820,485	20,073,630
Aggregate amount of adjustments to and restatements of beginning fund balances	62,125	-	(62,125)	-	-
Fund Balance - July 1, 2024, as restated	17,319,174	933,971	-	1,820,485	20,073,630
Fund Balance - Ending	\$ 19,685,387	\$ 915,021	\$ 3,783	\$ 2,049,058	\$ 22,653,249

See accompanying Notes to the Basic Financial Statements

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds \$ 2,579,619

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital outlay:	\$	5,033,460	
Depreciation expense:		<u>(2,049,156)</u>	2,984,304

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported.	46,352
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Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Intergovernmental revenues	(122,571)
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions.

Pension contributions		1,195,451
Pension expense		(111,506)
OPEB ASRS contributions		21,844
OPEB ASRS expense		47,007

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

Net decrease (increase) in compensated absences	(4,195)
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Change in Net Position of Governmental Activities	<u>\$ 6,636,305</u>
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See accompanying Notes to the Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Baboquivari Unified School District No. 40 have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

During the current fiscal year, the District implemented the effects of GASB Statement No. 101, *Compensated Absences*. The effects of this statement can be found within the Compensated Absences section within Note 1, along with the long-term liabilities section, and the restatements footnote.

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 funds of those organizational entities for which its elected governing board is financially accountable.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by intergovernmental revenues and reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

Major Governmental Funds

The *General Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. For budget purposes, it is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within five subsections titled regular education programs, special education programs, pupil transportation, desegregation, and K-3 reading program.

The *Special Projects Fund* accounts for the revenues and expenditures of state and federally funded projects.

The *School Facilities Division Grant Fund* accounts for revenues received from the ADOA's School Facilities Division for capital improvement and repair projects.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

Arizona Revised Statutes (A.R.S.) requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Debt Service and Bond Building Funds, which are invested separately. As required by statute, interest earned by the Bond Building Fund is recorded in the Debt Service Fund.

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

Statute authorizes the District to deposit monies of Auxiliary Operations and Student Activities in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholding accounts for taxes, employee insurance programs, and federal savings bonds. 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. Statute requires collateral for deposits of monies at 102% of all deposits not covered by federal depository insurance.

The State Board of Investments provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

Intergovernmental Receivable

Intergovernmental receivables are comprised of state and federal grants (\$1,132,468), state equalization and unrestricted state aid (\$787,481), Instructional Improvement funding (\$36,738), School Facilities Division funding (\$919,206), and other (\$10,742).

Short-Term Interfund Receivables and Payables

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Capital Assets (Continued)

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Land improvements	10-50 years
Building and improvements	5-50 years
Vehicles, equipment, furniture	5-35 years

Right-to-use subscription assets are amortized over the life of the associated contract.

Deferred Outflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Pension and Other Postemployment Benefit Plans

For purposes of measuring the net pension and total other postemployment benefit (OPEB) liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension and OPEB plans' 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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

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.

Net Position

In the government-wide financial statements, net position is reported in three categories: investment in capital assets; restricted net position; and unrestricted net position. The investment in capital assets is separately reported because the District's capital assets make up a significant portion of total net position. Restricted net position account for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

Fund Balance

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

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories or are legally or contractually required to be maintained intact. The District did not report nonspendable fund balance during the current fiscal year.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the District Governing Board can remove or change the constraints placed on committed fund balances through formal board action at a public meeting. Fund balances must be committed prior to fiscal year-end. Assigned fund balances are resources constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The District's Governing Board has not authorized any management officials to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

The District has not adopted a spending priority policy. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, in accordance with GASB 54, the District uses restricted fund balance first. For the disbursement of unrestricted fund balances, the District follows the spending policy described in GASB 54 to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts. The District has classified its fund balances as noted on the following page.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

	General Fund	Special Projects Fund	School Facilities Division Grant Fund	Non-Major Governmental Funds	Total Governmental Activities
Restricted					
Teacher compensation and other qualified programs (A.R.S. 15-977)	\$ -	\$ -	\$ -	\$ 490,630	\$ 490,630
Instructional improvement programs	-	-	-	369,099	369,099
Federal and state instructional programs	-	915,021	-	-	915,021
Food service	-	-	-	505,275	505,275
Civic center	-	-	-	64,408	64,408
Community programs	-	-	-	140,643	140,643
Vocational educational programs	-	-	-	51,700	51,700
Extracurricular activities	-	-	-	167,330	167,330
Student activities	-	-	-	88,493	88,493
Capital projects	-	-	3,783	171,480	175,263
Total restricted	-	915,021	3,783	2,049,058	2,967,862
Unassigned	19,685,387	-	-	-	19,685,387
Total	\$ 19,685,387	\$ 915,021	\$ 3,783	\$ 2,049,058	\$ 22,653,249

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures (See Notes to Required Supplementary Information for exceptions). The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within five subsections (see preceding description of General Fund), any of which may be over-expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget. An annual budget of revenue from all sources for the fiscal year is not prepared.

The following District funds exceeded the respective budgeted amounts in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Student transportation	\$ 45,000	\$ 3,251,456	\$ 3,206,456
K-3 reading program	51,700	53,898	2,198

Budget capacity was available in other subsections of the General Fund to account for the over-expenditures.

A budget was not prepared for the Impact Aid Construction Nonmajor Governmental Fund.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits and investments at June 30, 2025 consist of the following:

Deposits:	
Cash in bank	\$ 31,235
Investments:	
Cash on deposit with county treasurer	22,197,933
Total deposits and investments	<u>\$ 22,229,168</u>

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District had a carrying value of \$31,235 for cash on deposit with a local financial institution and a bank balance of \$113,291 at June 30, 2025. The District does not have a formal policy regarding custodial credit risk. However, the entire \$113,291 bank balance was insured by federal depository insurance.

Investments

At June 30, 2025, the District's investments were reported at fair value. The District's investments consisted of only cash on deposit with the County Treasurer.

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

Interest Rate Risk – The District does not have a formal investment policy regarding interest rate risk; however, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to one year or less.

Credit Risk – The District does not have a formal investment policy regarding credit risk. However, the District is prohibited by state law from investing in investments other than State and County Treasurer's investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements. The District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Capital assets not being depreciated				
Construction in progress	\$ 10,882,961	\$ 3,624,864	\$ (232,418)	\$ 14,275,407
Capital assets being depreciated				
Land improvements	6,817,755	-	-	6,817,755
Buildings and improvements	57,008,477	320,439	232,416	57,561,332
Vehicles, equipment, and furniture	7,940,789	1,220,514	(409,950)	8,751,353
Right-to-use subscription assets	-	100,061	-	100,061
Total capital assets being depreciated/amortized	71,767,021	1,641,014	(177,534)	73,230,501
Less accumulated depreciation				
Land improvements	(5,351,429)	(109,445)	-	(5,460,874)
Buildings and improvements	(26,858,198)	(1,314,233)	-	(28,172,431)
Vehicles, equipment, and furniture	(4,812,356)	(622,699)	223,886	(5,211,169)
Right-to-use subscription assets	-	(2,779)	-	(2,779)
Total accumulated depreciation	(37,021,983)	(2,049,156)	223,886	(38,847,253)
Total capital assets, being depreciated/amortized, net	34,745,038	(408,142)	46,352	34,383,248
Governmental activities capital assets, net	\$ 45,627,999	\$ 3,216,722	\$ (186,066)	\$ 48,658,655

Depreciation expenses was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 860,173
Support Services:	
Students	11,264
Instructional Staff	3,331
General Administration	34,120
School Administration	6,993
Business and Other Support Services	59,843
Operations and Maintenance of Plant	564,564
Student Transportation	441,208
Operation of Noninstructional Services	67,660
	<u>\$ 2,049,156</u>

As of June 30, 2025, the District reported the following construction commitments:

	Governmental activities	
Project	Spent-to-date	Estimated remaining
High School roofing project	\$ 6,589,663	\$ 19,832
Weatherization	1,071,497	18,019
HVAC improvements	1,919,865	42,021
School canopies	210,856	86,692
Intermediate roofing project	4,483,526	23,698
Total	<u>\$ 14,275,407</u>	<u>\$ 190,261</u>

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>
General Fund	Special Projects Fund
	<u>\$ 125,876</u>

Transfers were made from the Special Projects Fund to record indirect costs transferred to the indirect cost pool for various federal grants.

NOTE 6 – LONG-TERM OBLIGATIONS

Changes in long-term liabilities for the year ended June 30, 2025 are as follows:

	(Restated) Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Compensated absences*	\$ 715,527	\$ 4,195	\$ -	\$ 719,722	\$ 525,553
Net pension liability	14,047,112	-	(2,324,409)	11,722,703	-
Net OPEB liability	11,484	-	(9,550)	1,934	-
Total	<u>\$ 14,774,123</u>	<u>\$ 4,195</u>	<u>\$ (2,333,959)</u>	<u>\$ 12,444,359</u>	<u>\$ 525,553</u>

*The change in compensated absences above is a net change for the fiscal year.

Generally, for governmental activities, the net pension/OPEB liabilities are liquidated by the General Fund.

NOTE 7 – 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.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – RISK MANAGEMENT (CONTINUED)

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.

The District continues to carry commercial insurance for all other risks of loss, including employee dental and life insurance. There have been no significant reductions in coverage from the prior year and settled claims for each of the past three fiscal years have not exceeded the insurance coverage amounts.

NOTE 8 – CONTINGENT LIABILITIES

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 ensure 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 9 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN

Cost Sharing Pension Plan

At June 30, 2025, the District reported the following related to the cost sharing pension and OPEB plans to which it contributes:

	Cost-sharing pension plan	Cost-sharing OPEB plan	Total
Net opeb (assets)	\$ -	\$ 454,138	\$ 454,138
Net pension/opeb liability	11,722,703	1,934	11,724,637
Deferred outflows of resourc	1,849,801	84,622	1,934,423
Deferred inflows of resource:	2,278,948	170,451	2,449,399
Pension expense	111,506	(47,007)	64,499

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Arizona State Retirement System

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); 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 issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site 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	Sum of years and age equals	
	80	30 years, age 55
age required to	10 years, age 62	25 years, age 60
receive benefit	5 years, age 50*	10 years, age 62
	Any years, age 65	5 years, age 50*
		Any years, age 65
Final average salary	Highest 36 consecutive	Highest 60 consecutive
is based on	months of last 120 months	months of last 120 months
Benefit percent per	2.1% to 2.3%	2.1% to 2.3%
year of service		
*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.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Arizona State Retirement System (Continued)

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, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.27% (12.05% for retirement, 0.07% for health insurance premium benefit, and 0.15% for long-term disability) of the active members' annual covered payroll. If the District also made alternative contributions for retired members who returned to work, add the following sentence: In addition, the District was required by statute to contribute at the actuarially determined rate of 10.19% (10.14% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that 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 for the year ended June 30, 2025, were \$1,195,451, \$6,945, and \$14,899.

During fiscal year 2025, the District paid for pension and OPEB contributions as follows: 76% from the General Fund, 16% from the Special Projects Funds, and 8% from nonmajor governmental funds.

Liability

On June 30, 2025, the District reported the following proportionate share of the ASRS' net pension/OPEB asset or liability:

	Pension/OPEB (Asset)/Liability
Pension	\$ 11,722,703
Health insurance premium benefit	(454,138)
Long-term disability	1,934
Total Pension/OPEB Expense:	<u>\$ 11,270,499</u>

The net asset and net liabilities were measured as of June 30, 2024. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Arizona State Retirement System (Continued)

Liability (Continued)

The District's proportion of the net asset or 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, 2024, and the change from its proportions measured as of June 30, 2023, were:

	District % Proportion June 30, 2024	Increase (Decrease) from June 30, 2023
Pension	0.07326%	-0.01355%
Health insurance premium benefi	0.07516%	-0.01376%
Long-term disability	0.07420%	-0.01344%

Expense

For the year ended June 30, 2025 the District recognized the following pension and OPEB expense:

	Pension/OPEB Expense
Pension	\$ 111,506
Health insurance premium benefit	(55,017)
Long-term disability	8,010
Total Pension/OPEB Expense:	<u>\$ 64,499</u>

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources

On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 654,350	\$ 13,142	\$ 7,112
Changes of assumptions or other inputs	-	-	1,400
Changes in proportion and differences between contributions and proportionate share of contributions	-	40,389	735
Contributions subsequent to the measurement date	1,195,451	6,945	14,899
Total	\$ 1,849,801	\$ 60,476	\$ 24,146

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 109,657	\$ 5,151
Changes of assumptions or other inputs	-	4,711	11,580
Net difference between projected and actual earnings on pension plan investments	748,623	31,218	2,113
Changes in proportion and differences between contributions and proportionate share of contributions	1,530,325	54	5,967
Total	\$ 2,278,948	\$ 145,640	\$ 24,811

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in expenses as follows:

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2026	\$ (1,181,438)	\$ (74,415)	\$ (4,102)
2027	(116,278)	(9,717)	(1,122)
2028	(189,501)	(9,852)	(3,923)
2029	(137,381)	110	(3,946)
2030	-	1,765	(2,012)
Thereafter	-	-	(459)
Total	\$ (1,624,598)	\$ (92,109)	\$ (15,564)

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Arizona State Retirement System (Continued)

Actuarial Assumptions

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

	Pensions	Health Insurance Premium Benefit	Long-Term Disability
Actuarial valuation date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial roll forward date	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	2.9-8.4%	Not applicable	Not applicable
Inflation rate	2.3%	2.3%	2.3%
Permanent base increases	Included	Not applicable	Not applicable
Mortality rates	2017 SRA Scale U-MP	2017 SRA Scale U-MP	Not applicable
Recovery rates	Not applicable	Not applicable	2012 GLDT
Healthcare cost trend rate	Not applicable	Not applicable	Not applicable

Actuarial assumptions used in the June 30, 2023; valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected	
	Target Allocation	Geometric Real Rate of Return
Public equity	44%	4.48%
Credit	23%	4.40%
Real estate	17%	6.05%
Private equity	10%	6.11%
Interest rate sensitive	6%	-0.45%
Total	100%	

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Arizona State Retirement System (Continued)

Discount Rate

On June 30, 2024, the discount rate used to measure the ASRS net pension/OPEB liability was 7.0%. 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 statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB 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/OPEB liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension/OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	<u>Proportionate share of the net liability (asset)</u>		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Pension	\$17,949,855	\$11,722,703	\$ 6,532,915
Health insurance premium benefit	(330,155)	(454,138)	(559,548)
Long-term disability	6,655	1,934	(2,710)

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 \$33,980 of outstanding pension and OPEB amounts payable to ASRS for the year ended June 30, 2025.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – RESTATEMENTS

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the District now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

In addition, during the current fiscal year, the District recorded a restatement of fund balance between the General Fund and the School Facilities Division Grant Fund to correct an error within the prior year's financial statements. Fund balance was recorded within the School Facilities Division Grant Fund that should have been recorded within the General Fund as expenditures within a prior fiscal year were improperly recorded. The effects of this correction are summarized below in the "Error correction" column in the table below.

	Net position/fund balance June 30, 2024 as previously reported	Restatement - GASB 101 Implementation	Error correction	Net position/fund balance July 1, 2024 as restated
Government-Wide				
Governmental Activities	\$ 52,469,836	\$ (299,434)	\$ -	\$ 52,170,402
Governmental Funds				
Major Funds:				
General fund	\$ 17,257,049	\$ -	\$ 62,125	\$ 17,319,174
Special projects fund	933,971	-	-	933,971
School Facilities Division Grant Fund	62,125	-	(62,125)	-
Nonmajor funds	1,820,485	-	-	1,820,485
Total governmental funds	\$ 20,073,630	\$ -	\$ -	\$ 20,073,630

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
COST-SHARING PENSION PLAN
JUNE 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Proportion of the net pension liability	0.07326%	0.08681%	0.08845%	0.43734%	0.43000%	0.42000%	0.41000%	0.41000%	0.36000%	0.36000%
Proportionate share of the net pension liability	\$ 11,722,703	\$ 14,047,112	\$ 14,437,004	\$ 11,822,972	\$ 16,758,210	\$ 13,534,037	\$ 13,130,612	\$ 14,806,937	\$ 16,838,296	\$ 15,476,759
Covered payroll	\$ 11,236,350	\$ 11,335,023	\$ 10,466,561	\$ 10,171,050	\$ 10,436,054	\$ 9,614,637	\$ 9,117,311	\$ 8,994,701	\$ 9,285,702	\$ 10,019,801
Proportionate share of the net pension liability as a percentage of its covered payroll	104.33%	123.93%	137.93%	116.24%	160.58%	140.76%	144.02%	164.62%	181.34%	154.46%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,195,451	\$ 1,231,573	\$ 1,264,533	\$ 1,178,478	\$ 1,210,447	\$ 1,096,653	\$ 1,020,007	\$ 999,412	\$ 1,059,845	\$ 996,612
Contributions in relation to the actuarially determined contribution	1,195,451	1,231,573	1,264,533	1,178,478	1,210,447	1,096,653	1,020,007	999,412	1,059,845	996,612
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 11,042,657	\$ 11,236,350	\$ 11,335,023	\$ 10,466,561	\$ 10,171,050	\$ 10,436,054	\$ 9,614,637	\$ 9,117,311	\$ 8,994,701	\$ 9,285,702
Contributions as a percentage of covered payroll	10.83%	10.96%	11.16%	11.26%	11.90%	10.51%	10.61%	10.96%	11.78%	10.73%

See accompanying Notes to Required Supplementary Information

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
(BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances -
	Original	Final	Budgetary Basis	Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 8,845,824	\$ 8,845,824
Investment earnings	-	-	242,250	242,250
Other	-	-	4,730	4,730
Total Revenues	-	-	9,092,804	9,092,804
EXPENDITURES				
Regular education:				
Instruction	2,505,679	2,365,210	2,552,932	(187,722)
Support services - students	186,700	180,000	328,335	(148,335)
Support services - instructional staff	20,000	13,400	115,908	(102,508)
Support services - general administratio	439,210	477,550	441,417	36,133
Support services - school administratio	902,800	894,000	1,143,876	(249,876)
Support services - central services	529,050	571,000	1,006,717	(435,717)
Operations and maintenance of plant	2,492,500	2,288,000	3,019,443	(731,443)
Other	4,617,498	5,253,524	-	5,253,524
Operation of noninstructional services	40,900	40,000	38,202	1,798
School sponsored cocurricular activities	23,300	15,600	13,382	2,218
School sponsored athletics	128,050	124,650	104,597	20,053
Total regular education	11,885,687	12,222,934	8,764,809	3,458,125
Special education:				
Instruction	872,200	940,000	837,872	102,128
Support services - students	177,760	208,600	179,513	29,087
Support services - instructional staff	27,610	112,710	20,022	92,688
Total special education	1,077,570	1,261,310	1,037,407	223,903
Pupil transportation:				
Student transportation services	-	45,000	3,251,456	(3,206,456)
K-3 reading program:				
Instruction	50,613	51,700	53,898	(2,198)
Total Expenditures	13,013,870	13,580,944	13,107,570	473,374
Excess (Deficiency) of Revenues				
Over Expenditures	(13,013,870)	(13,580,944)	(4,014,766)	9,566,178
Other Financing Sources (Uses):				
Transfers in	-	-	659,994	659,994
Net Financing Sources (Uses)	-	-	659,994	659,994
NET CHANGE IN FUND BALANCE	(13,013,870)	(13,580,944)	(3,354,772)	10,226,172
Fund Balance - Beginning	-	-	4,121,967	4,121,967
Fund Balance - Ending	\$ (13,013,870)	\$ (13,580,944)	\$ 767,195	\$ 14,348,139

See accompanying Notes to Required Supplementary Information

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 4,314,895	\$ 4,314,895
Investment earnings	-	-	26,131	26,131
Total Revenues	-	-	4,341,026	4,341,026
EXPENDITURES				
Regular education:				
Instruction	1,131,799	1,212,387	1,125,032	87,355
Support services - students	575,332	616,297	571,892	44,405
Support services - instructional staff	560,769	600,697	557,416	43,281
Support services - general administratio	15,750	16,872	15,656	1,216
Support services - school administratio	55,768	59,739	55,435	4,304
Support services - central services	271,881	291,239	270,255	20,984
Operations and maintenance of plant	529,632	567,343	526,465	40,878
Operation of noninstructional services	68,232	73,090	67,824	5,266
School sponsored cocurricular activities	2,578	-	2,563	(2,563)
School sponsored athletics	6,353	6,805	6,315	490
Other instructional programs	6,723	7,202	6,683	519
Total regular education	3,224,818	3,451,673	3,205,536	246,137
Special education:				
Instruction	419,817	449,709	417,307	32,402
Support services - students	52,912	56,680	52,596	4,084
Support services - instructional staff	30,106	32,250	29,926	2,324
Support services - central services	12,438	13,324	12,364	960
Total special education	515,274	551,963	512,193	39,770
Pupil transportation:				
Student transportation services	418,814	448,635	416,310	32,325
Debt service				
Principal retirement	100,663	107,830	100,061	7,769
Total Expenditures	4,158,906	4,452,271	4,234,100	318,232
Excess (Deficiency) of Revenues Over Expenditures	(4,158,906)	(4,452,271)	106,926	4,659,258
Other Financing Sources (Uses):				
Transfers out	-	-	(125,876)	(125,876)
NET CHANGE IN FUND BALANCE	(4,158,906)	(4,452,271)	(18,950)	4,433,321
Fund Balance - Beginning	-	-	933,971	933,971
Fund Balance - Ending	\$ (4,158,906)	\$ (4,452,271)	\$ 915,021	\$ 5,367,292

See accompanying Notes to Required Supplementary Information

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

NOTE 1 – AVAILABILITY OF PRIOR YEAR OPEB INFORMATION

Information relating to the multiple-employer OPEB contributions and the schedule of the proportionate share of the net OPEB liability(asset) were not presented as the activity was not significant to the financial statements.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

- 1) The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District's Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; however, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District's Maintenance and Operation Fund for budgetary purposes.

	General Fund				
			Other		
	Total	Total	Financing	Fund balance	Fund balance
	Revenues	Expenditures	Sources and	beginning of	end of year
			Uses	year	
Statement of revenues, expenditures and changes in fund balance	\$ 20,186,859	\$ 17,946,522	\$ 188,001	\$ 17,257,049	\$ 19,685,387
Non-maintenance and operation activity included in the General Fund	(11,094,055)	(4,838,952)	534,118	(13,197,207)	(18,918,192)
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	\$ 9,092,804	\$ 13,107,570	\$ 722,119	\$ 4,059,842	\$ 767,195

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2025

SPECIAL REVENUE FUNDS

Classroom Site Fund – accounts for the revenues and expenditures of State apportioned educational sales tax monies.

Instructional Improvement Fund - accounts for revenues and expenditures for State apportioned Indian Gaming monies.

Other Special Revenue Fund - accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activity fee tax credit, restricted donations, fingerprinting, textbooks, career and technical education programs, and student activities.

Food Service Fund - accounts for the financial operations of preparing and serving regular and incidental meals and snacks in connection with school functions.

CAPITAL PROJECTS FUNDS

Impact Aid Construction Fund – accounts for the impact aid monies receive specifically for construction. A budget was not prepared for the Impact Aid Construction Fund.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds				Capital Projects Fund	
	Classroom Site Fund	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Impact Aid Construction Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 515,070	\$ 332,032	\$ 512,792	\$ 507,396	\$ 170,907	\$ 2,038,197
Receivables:						
Intergovernmental	-	36,738	10,742	9,286	-	56,766
Accounts receivable	-	-	1,299	-	-	1,299
Interest receivable	2,767	1,255	1,743	1,832	573	8,170
Total Assets	\$ 517,837	\$ 370,025	\$ 526,576	\$ 518,514	\$ 171,480	\$ 2,104,432
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 11,586	\$ 11,636	\$ -	\$ 23,222
Accrued wages	27,207	926	2,416	1,603	-	32,152
Total Liabilities	27,207	926	14,002	13,239	-	55,374
FUND BALANCES						
Restricted	490,630	369,099	512,574	505,275	171,480	2,049,058
Total Fund Balances	490,630	369,099	512,574	505,275	171,480	2,049,058
Total Liabilities and Fund Balances	\$ 517,837	\$ 370,025	\$ 526,576	\$ 518,514	\$ 171,480	\$ 2,104,432

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds				Capital Projects Funds	
	Classroom Site Fund	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Impact Aid Construction Fund	Non-Major Governmental Funds
REVENUES						
Intergovernmental	\$ 1,030,062	\$ 77,074	\$ 119,714	\$ 897,035	\$ 170,410	\$ 2,294,295
Food sales	-	-	-	22,488	-	22,488
Student activities	-	-	40,670	-	-	40,670
Contributions and donations	-	-	26,768	-	-	26,768
Investment earnings	40,720	14,575	45,711	25,874	1,070	127,950
Other	-	-	14,258	-	-	14,258
Total Revenues	1,070,782	91,649	247,121	945,397	171,480	2,526,429
EXPENDITURES						
Current						
Instruction	1,065,603	30,734	156,946	-	-	1,253,283
Support services:						
Students	-	-	56,300	-	-	56,300
Instructional staff	-	-	1,237	-	-	1,237
School administration	-	-	2,825	-	-	2,825
Business and other support services	-	-	7,627	-	-	7,627
Student transportation	-	-	1,289	-	-	1,289
Operations of noninstructional services	8,938	214	2,038	964,105	-	975,295
Total Expenditures	1,074,541	30,948	228,262	964,105	-	2,297,856
Excess (Deficiency) of Revenues Over Expenditures	(3,759)	60,701	18,859	(18,708)	171,480	228,573
Fund Balance - Beginning	494,389	308,398	493,715	523,983	-	1,820,485
Fund Balance - Ending	\$ 490,630	\$ 369,099	\$ 512,574	\$ 505,275	\$ 171,480	\$ 2,049,058

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
CLASSROOM SITE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,030,062	\$ 1,030,062
Investment earnings	-	-	40,720	40,720
Total Revenues	-	-	1,070,782	1,070,782
EXPENDITURES				
Regular education:				
Instruction	1,125,455	1,200,572	838,797	361,775
Other instructional programs	11,993	12,793	8,938	3,855
Total regular education	1,137,447	1,213,365	847,735	365,630
Special education:				
Instruction	304,317	324,628	226,806	97,822
Total Expenditures	1,441,764	1,537,993	1,074,541	463,452
Excess (Deficiency) of Revenues				
Over Expenditures	(1,441,764)	(1,537,993)	(3,759)	1,534,234
Fund Balance - Beginning	-	-	494,389	494,389
Fund Balance - Ending	\$ (1,441,764)	\$ (1,537,993)	\$ 490,630	\$ 2,028,623

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
INSTRUCTIONAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 77,074	\$ 77,074
Investment earnings	-	-	14,575	14,575
Total Revenues	-	-	91,649	91,649
EXPENDITURES				
Regular education:				
Instruction	78,679	78,679	27,055	51,624
Operation of noninstructional services	622	622	214	408
Total regular education	79,301	79,301	27,269	52,032
Special education:				
Instruction	10,699	10,699	3,679	7,020
Total Expenditures	90,000	90,000	30,948	500,000
Excess (Deficiency) of Revenues Over Expenditures	(90,000)	(90,000)	60,701	91,649
Fund Balance - Beginning	-	-	308,398	308,398
Fund Balance - Ending	\$ (90,000)	\$ (90,000)	\$ 369,099	\$ 308,398

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 119,714	\$ 119,714
Student activities	-	-	40,670	40,670
Contributions and donations	-	-	26,768	26,768
Investment earnings	-	-	45,711	45,711
Other	-	-	14,258	14,258
Total Revenues	-	-	247,121	247,121
EXPENDITURES				
Regular education:				
Instruction	19,512	20,371	9,554	10,817
Support services - students	4,281	4,469	2,096	2,373
Support services - instructional staff	272	284	133	151
Support services - school administrator	2,485	2,595	1,217	1,378
Operation of noninstructional services	4,162	4,346	2,038	2,308
School sponsored cocurricular activities	88,753	92,661	43,457	49,204
School sponsored athletics	31,086	32,455	15,221	17,234
Total regular education	150,551	157,180	73,716	83,464
Special education:				
Instruction	276,536	288,712	135,403	153,309
Support services - students	18,632	19,452	9,123	10,329
Support services - instructional staff	2,255	2,354	1,104	1,250
Support services - school administrator	15,577	16,263	7,627	8,636
Total special education	312,999	326,781	153,257	173,524
Pupil transportation:				
Student transportation services	2,633	2,748	1,289	1,459
Total Expenditures	466,183	486,710	228,262	258,448
Excess (Deficiency) of Revenues	(466,183)	(486,710)	18,859	505,569
Over Expenditures	-	-	493,715	493,715
Fund Balance - Beginning	-	-	493,715	493,715
Fund Balance - Ending	\$ (466,183)	\$ (486,710)	\$ 512,574	\$ 999,284

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 897,035	\$ 897,035
Food service sales	-	-	22,488	22,488
Investment earnings	-	-	25,874	25,874
Total Revenues	-	-	945,397	945,397
EXPENDITURES				
Regular education:				
Operation of noninstructional services	1,000,000	1,000,000	964,105	35,895
Excess (Deficiency) of Revenues				
Over Expenditures	(1,000,000)	(1,000,000)	(18,708)	981,292
Fund Balance - Beginning	-	-	523,983	523,983
Fund Balance - Ending	\$ (1,000,000)	\$ (1,000,000)	\$ 505,275	\$ 1,505,275

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHOOL FACILITIES DIVISION GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 3,297,258	\$ 3,297,258
Investment earnings	-	-	1	1
Other	-	-	3,783	3,783
Total Revenues	-	-	3,301,042	3,301,042
EXPENDITURES				
Regular education:				
Operations and maintenance of plant	36,818	36,818	12,140	24,678
Capital outlay:				
Facilities acquisition	9,963,182	9,963,182	3,285,119	6,678,063
Total Expenditures	10,000,000	10,000,000	3,297,259	6,702,741
Excess (Deficiency) of Revenues Over Expenditures	(10,000,000)	(10,000,000)	3,783	10,003,783
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ (10,000,000)	\$ (10,000,000)	\$ 3,783	\$ 10,003,783

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

This section of the Baboquivari Unified School District No. 40's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity: These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

Net Position:	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Investment in capital assets	\$ 47,735,949	\$43,959,281	\$35,792,497	\$32,328,506	\$29,930,042	\$29,772,085	\$25,584,640	\$23,992,470	\$25,485,452	\$26,030,089
Restricted	4,344,706	4,965,402	1,483,377	1,402,707	668,385	676,413	763,844	679,701	595,576	467,004
Unrestricted	6,726,052	3,545,153	(968,139)	(446,296)	2,619,253	2,290,505	5,277,873	3,532,136	1,320,031	(2,320,292)
Total	\$ 58,806,707	\$ 52,469,836	\$ 36,307,735	\$ 33,284,917	\$ 33,217,680	\$ 32,739,003	\$ 31,626,357	\$ 28,204,307	\$ 27,401,059	\$ 24,176,801

Source: The District's financial records.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Instruction	\$ 7,862,191	\$ 8,639,348	\$ 9,834,873	\$ 8,496,892	\$ 8,617,250	\$ 8,741,620	\$ 8,257,719	\$ 7,557,775	\$ 7,989,806	\$ 8,388,012
Support Services - students and staff	2,827,835	3,132,627	3,324,548	3,326,393	2,841,244	2,804,251	2,280,438	2,615,874	2,665,163	2,656,819
Support Services - administration	3,416,328	3,845,874	4,525,255	3,735,095	3,122,681	2,993,122	2,773,107	2,782,592	2,924,028	3,089,568
Operation and Maintenance of plant services	4,226,964	4,800,734	4,442,851	6,024,278	3,971,005	3,219,483	2,683,631	2,556,740	2,456,131	2,270,860
Student transportation services	4,102,265	3,448,954	2,103,300	1,709,746	1,419,610	1,500,862	1,401,415	1,348,614	1,437,183	1,655,056
Operation of non-instructional services	1,160,897	1,030,941	1,036,854	1,039,884	1,100,897	915,232	931,002	958,988	779,893	779,893
Total expenses	23,596,480	24,898,478	25,267,681	24,332,288	21,072,687	20,174,570	18,327,312	17,820,583	18,252,204	18,840,208
Program revenues:										
Charges for services:										
Instruction	65,784	77,515	52,982	82,689	105,619	100,436	82,066	71,079	82,712	102,503
Students	19,754	35,512	9,801	15,431	2,633	6,289	5,720	10,379	9,242	3,009
Instructional staff	4,756	4,893	-	-	-	-	-	-	-	-
General administration	3,918	3,790	9,638	2,897	5,522	8,093	6,942	7,696	5,891	7,442
School administration	10,693	9,050	-	-	-	-	-	-	-	-
Business and other support services	13,319	14,512	-	-	-	-	-	-	-	-
Operation and maintenance of plant	34,150	38,059	18,577	2,116	2,579	17,706	18,248	22,990	18,673	14,469
Transportation	33,351	21,249	3,945	737	421	3,562	2,970	2,430	2,158	5,822
Operation of non-instructional services	23,367	5,573	96,553	56,679	55,466	90,770	97,018	106,976	99,462	84,166
Operating grants and contributions	6,342,977	9,095,988	9,746,608	9,168,171	5,184,015	4,698,434	3,948,894	4,004,225	4,417,898	5,198,275
Capital grants and contributions	3,467,668	9,631,024	511,622	-	9,489	-	-	-	-	-
Total program revenues	10,019,737	18,937,165	10,449,726	9,328,720	5,365,744	4,925,290	4,161,858	4,225,775	4,636,036	5,415,686
Net Expense	(13,576,743)	(5,961,313)	(14,817,955)	(15,003,568)	(15,706,943)	(15,249,280)	(14,165,454)	(13,594,808)	(13,616,168)	(13,412,284)
General revenues:										
Investment Income and Other	946,755	893,508	278,359	57,411	92,961	318,751	338,991	157,966	98,354	54,292
Unrestricted Federal and State Aid	18,570,109	20,620,928	17,395,730	14,776,442	16,009,035	15,960,609	15,889,358	14,130,224	15,757,084	13,183,524
Other	696,184	62,714	512,055	437,846	83,624	82,566	119,113	107,405	90,489	79,479
Total general revenues	20,213,048	21,577,150	18,186,144	15,271,699	16,185,620	16,361,926	16,347,462	14,395,595	15,945,927	13,317,295
Changes in net position	\$ 6,636,305	\$ 15,615,837	\$ 3,368,189	\$ 268,131	\$ 478,677	\$ 1,112,646	\$ 2,182,008	\$ 800,787	\$ 2,329,759	\$ (94,989)

Source: The District's financial records.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
General Fund	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Unassigned	\$ 19,685,387	\$ 17,257,049	\$ 12,325,889	\$ 13,210,844	\$ 16,555,707	\$ 15,668,056	\$ 19,034,611	\$ 18,346,980	\$ 16,354,275	\$ 12,272,929
Total General Fund	19,685,387	17,257,049	12,325,889	13,210,844	9,315,262	6,679,908	16,541,028	15,921,743	13,957,624	10,497,828
All other governmental funds:										
Restricted	2,967,862	2,816,581	2,029,643	1,603,601	668,385	676,413	763,844	679,701	646,756	467,004
Unassigned	-	-	-	-	(155,075)	-	(2,821)	(3,366)	-	(65,555)
Total all other governmental funds	2,967,862	2,816,581	2,029,643	1,603,601	513,310	676,413	761,023	676,335	646,756	401,449
Total all governmental funds	\$ 22,653,249	\$ 20,073,630	\$ 14,355,532	\$ 14,814,445	\$ 9,828,572	\$ 7,356,321	\$ 17,302,051	\$ 16,598,078	\$ 14,604,380	\$ 10,899,277

Source: The District's financial records.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Intergovernmental:										
Federal aid and grants	\$ 14,847,536	\$ 19,212,228	\$ 18,820,651	\$ 17,276,520	\$ 13,774,572	\$ 13,055,098	\$ 12,330,835	\$ 11,127,197	\$ 12,191,533	\$ 11,954,791
State aid and grants	13,629,021	19,984,867	8,825,230	6,024,537	6,668,033	6,861,246	6,762,508	6,247,880	7,228,038	5,697,296
County aid and grants	-	-	8,080	643,557	759,934	742,699	744,909	759,372	755,411	729,712
Tuition	-	-	-	-	-	-	-	1,875	-	3,700
Food service sales	22,488	4,717	4,520	1,019	-	13,801	10,285	10,041	16,538	13,788
Auxiliary operations	25,778	26,841	41,264	5,509	4,907	20,702	22,661	22,304	12,650	10,249
Student activities	40,670	76,484	-	-	-	-	-	-	-	-
Charges for services	120,156	102,111	116,300	128,956	142,072	156,450	148,028	149,582	149,295	148,750
Contributions and donations	26,768	28,274	29,411	25,064	25,261	35,903	31,990	37,748	39,655	40,924
Investment earnings	946,755	893,508	277,550	57,411	92,961	318,751	338,991	157,966	98,354	55,060
Other	696,184	62,714	512,865	437,846	83,624	82,566	120,050	107,405	90,489	78,711
Total Revenues	\$ 30,355,356	\$ 40,391,744	\$ 28,635,871	\$ 24,600,419	\$ 21,551,364	\$ 21,287,216	\$ 20,510,257	\$ 18,621,370	\$ 20,581,963	\$ 18,732,981
Expenditures:										
Current:										
Instruction	\$ 7,457,614	\$ 7,633,907	\$ 7,865,437	\$ 7,525,631	\$ 7,369,469	\$ 7,911,174	\$ 8,010,895	\$ 6,723,208	\$ 6,692,198	\$ 7,162,536
Support services - students and staff	3,027,271	3,102,194	3,281,999	3,380,472	2,744,616	2,897,814	2,444,216	2,674,514	2,591,895	2,619,076
Support services - administration	3,570,021	3,799,807	4,570,096	3,817,708	2,906,947	2,818,221	2,674,179	2,495,313	2,626,524	2,772,845
Operation and maintenance of plant services	4,465,854	4,250,647	8,646,365	8,487,716	4,115,039	3,148,549	2,720,046	2,454,310	2,415,380	2,197,677
Student transportation services	4,490,756	4,159,945	1,648,188	1,675,726	1,226,333	1,655,608	1,929,402	1,309,512	1,173,962	1,427,261
Operation of non-instructional services	1,106,057	982,471	963,697	1,333,282	1,082,393	932,122	878,507	839,762	743,916	24,468
Other	-	-	-	-	-	-	-	-	-	798,479
Capital outlay	3,557,561	10,744,675	1,847,640	905,818	1,382,019	5,374,893	1,080,693	102,467	11,435	66,769
Total expenditures	\$ 27,775,737	\$ 34,673,646	\$ 28,823,422	\$ 27,126,353	\$ 20,826,816	\$ 24,738,381	\$ 19,737,938	\$ 16,599,086	\$ 16,255,310	\$ 17,069,111
Excess (deficiency) of revenues over expenditures	\$ 2,579,619	\$ 5,718,098	\$ (187,551)	\$ (2,525,934)	\$ 724,548	\$ (3,451,165)	\$ 772,319	\$ 2,022,284	\$ 4,326,653	\$ 1,663,870
Over financing sources (uses):										
Transfers in	125,876	302,544	766,392	232,826	283,745	154,330	61,163	157,626	66,802	423,869
Transfers out	(125,876)	(302,544)	(766,392)	(232,826)	(283,745)	(154,330)	(61,163)	(157,626)	(66,802)	(423,869)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net changes in fund balances	\$ 2,579,619	\$ 5,718,098	\$ (187,551)	\$ (2,525,934)	\$ 724,548	\$ (3,451,165)	\$ 772,319	\$ 2,022,284	\$ 4,326,653	\$ 1,663,870
Debt service as a percentage of noncapital expenditures	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: The District's financial records.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

Fiscal Year Ended June 30	Net Secondary Assessed Value	Total Direct Tax Rate	Estimated Actual Value
2025	\$ 2,132,174 *	N/A	Note
2024	2,054,585 *	N/A	Note
2023	2,008,809 *	N/A	Note
2022	2,162,480 *	N/A	Note
2021	2,184,030 *	N/A	Note
2020	1,993,110 *	N/A	Note
2019	1,993,110 *	N/A	Note
2018	1,907,870 *	N/A	Note
2017	1,803,581	N/A	Note
2016	2,107,813	N/A	Note

Source: Property tax rates and Assessed Values, Arizona Tax Research Foundation, State and County Abstract of the Assessment Roll, and the Arizona Department of Revenue.

N/A: The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents do not pay property taxes.

Note: Information was not available.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	District Direct Rates			Overlapping Rates							
	Primary	Secondary	Total	County	Pima CTED	County Free Library	Flood Control District	Community College District	Fire District	Central Arizona Project	City of Sells
2025	N/A	N/A	N/A	4.22	0.05	0.55	0.33	1.28	0.04	0.14	N/A
2024	N/A	N/A	N/A	4.23	0.05	0.55	0.33	1.28	0.04	0.14	N/A
2023	N/A	N/A	N/A	4.50	0.05	0.55	0.33	1.29	-	-	N/A
2022	N/A	N/A	N/A	4.20	0.05	0.55	0.32	1.29	-	-	N/A
2021	N/A	N/A	N/A	4.33	0.05	0.54	0.33	1.27	-	-	N/A
2020	N/A	N/A	N/A	4.44	0.05	0.54	0.33	1.34	-	-	N/A
2019	N/A	N/A	N/A	4.69	0.05	0.54	0.33	1.38	-	-	N/A
2018	N/A	N/A	N/A	4.76	0.05	0.52	0.34	1.40	-	-	N/A
2017	N/A	N/A	N/A	4.99	0.05	0.52	0.33	1.37	-	-	N/A
2016	N/A	N/A	N/A	4.99	0.05	0.51	0.33	1.37	-	-	N/A

Source: Pima County Assessor's Office

N/A: The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents do not pay property taxes.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEAR ENDED JUNE 30, 2025, AND 2016
(UNAUDITED)

Taxpayer	2025		2016	
	Net Assessed Property Value for Secondary Tax Purposes	Percentage of Net Assessed Property Value for Secondary Tax Purposes	Net Assessed Property Value for Secondary Tax Purposes	Percentage of Net Assessed Property Value for Secondary Tax Purposes
N/A	N/A	N/A	N/A	N/A
Totals	\$ -	-	-	-

Note: The District is located entirely on the Tohono O’odham Nation Reservation, therefore, the residents do not pay property taxes.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	Current Collections			Delinquent Tax Collections	Total Collections	Collections as a Percentage of the Levy	Outstanding Tax Collections	Outstanding Collections as a Percentage of Levy
	Taxes Levied for the Fiscal Year	Amount	Percentage of Current Taxes Collected					
2025	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2024	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A: The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents do not pay property taxes.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt			
	General Obligation Bonds	Less: Amount Restricted for Principal	Total	As Percentage of Estimated Actual Value of Property	Per Capita	Financed Purchases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2025	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-
2024	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-

Source: The District's financial records.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2025
(UNAUDITED)

<u>Fiscal Year Ended June 30</u>	<u>Debt Outstanding</u>	<u>Estimate Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Debt Repaid with Property Taxes			
N/A	\$ -	0.00%	\$ -
Subtotal, Overlapping Debt			<u>\$ -</u>
Direct:			
Baboquivari Unified School District No. 40	\$ -	100%	<u>\$ -</u>
Total direct and overlapping debt			<u>\$ -</u>

Source: The District's financial records.

N/A: The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents do not pay property taxes.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Class B Bond Legal Debt Margin Calculation:

Net full cash assessed value	\$ 2,355,779
	20%
Debt limit (10% of assessed value)	471,156
Less: Net debt applicable to limit	-
Legal debt margin	<u>\$ 471,156</u>

Legal Debt Margin Calculation:

Net full cash assessed value	\$ 2,355,779
	30%
Debt limit (15% of assessed value)	706,734
Less: Net debt applicable to limit	-
Legal debt margin	<u>\$ 706,734</u>

Fiscal Year Ended June 30

	2025	2024	2023	2022	2021
Debt Limit	\$ 706,734	\$ 676,060	\$ 602,643	\$ 655,209	\$ 684,995
Less: Net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 706,734</u>	<u>\$ 676,060</u>	<u>\$ 602,643</u>	<u>\$ 655,209</u>	<u>\$ 684,995</u>
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Fiscal Year Ended June 30

	2020	2019	2018	2017	2016
Debt Limit	\$ 597,933	\$ 572,361	\$ 541,074	\$ 632,344	\$ 316,559
Less: Net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 597,933</u>	<u>\$ 572,361</u>	<u>\$ 541,074</u>	<u>\$ 632,344</u>	<u>\$ 316,559</u>
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Source: District records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
STATE-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Population	Personal income (in millions)	Per Capita	Unemployment Rate
2025	7,582,384	\$ 520,869	64,456	4.1%
2024	7,497,004	489,385	65,277	3.6%
2023	7,431,344	464,775	62,543	4.2%
2022	7,365,684	434,339	58,968	3.8%
2021	7,272,487	414,355	56,976	3.7%
2020	7,186,683	374,007	52,042	6.6%
2019	7,070,511	337,257	47,699	4.7%
2018	7,164,228	315,459	45,260	5.0%
2017	7,048,088	297,262	43,208	4.9%
2016	6,944,767	279,697	41,122	5.3%

Source: Arizona Department of Administration, Office of Employment & Population Statistics (for population data only); UA Economic and Business Research Center, Eller College of Management.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
PRINCIPAL EMPLOYERS
FISCAL YEAR ENDING JUNE 30, 2025, AND 2016
(UNAUDITED)

Information related to principal employers for the period ending June 30, 2025, and June 30, 2016, were not available.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Supervisory	1	1		-	-	-	-	-	-	-
Instruction	90	99	101	104	102	92	111	108	113	119
Student services	29	32	31	29	29	37	30	33	31	31
Support and administration	84	92	107	99	97	99	82	81	87	95
Total full-time equivalent employees	204	224	239	232	228	228	223	222	231	245

Source: The District's financial records.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Average Daily Membership</u>
2024-25	935
2023-24	974
2022-23	1,009
2021-22	1,076
2020-21	1,003
2019-20	968
2018-19	1,143
2017-18	1,173
2016-17	1,092
2015-16	1,166

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	100 Day Count Average Daily Membership	(Note 1) Governmental Funds Operating Expenditures	Cost per Pupil	% Change Cost per Pupil	Government-wide Expenses	Cost per Pupil	% Change	Teaching Staff	Pupil- Teacher Ratio	% of Free & Reduced Students
2025	935	24,117,573	25,794	5%	23,596,480	25,237	-1%	99	9.4	100.0%
2024	974	23,928,971	24,566	-9%	24,898,478	25,561	2%	99	9.8	100.0%
2023	1,009	27,090,911	26,849	10%	25,267,681	25,042	11%	86	11.7	100.0%
2022	1,076	26,147,058	24,300	45%	24,332,288	22,614	8%	83	13.0	100.0%
2021	1,003	16,844,139	16,794	14%	21,072,687	21,010	1%	81	12.4	100.0%
2020	968	14,308,023	14,781	4%	20,174,570	20,841	30%	80	12.1	100.0%
2019	1,143	16,191,695	14,166	-6%	18,327,318	16,034	6%	85	13.4	100.0%
2018	1,173	17,603,636	15,007	-8%	17,820,583	15,192	-9%	82	14.3	100.0%
2017	1,092	17,898,392	16,390	4%	18,252,204	16,714	4%	82	13.3	89.0%
2016	1,166	18,435,928	15,811	10%	18,827,970	16,147	9%	88	13.3	70.0%

Source: The District's financial records.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary	
2025	\$ 54,600	\$ 77,910	\$ 59,506	\$ 62,714	
2024	23,734	160,100	45,298	58,620	
2023	26,204	132,600	59,595	67,172	
2022	34,050	72,600	62,835	-	*
2021	31,419	72,000	56,125	-	*
2020	37,816	79,586	67,105	-	*
2019	34,670	72,600	54,175	-	*
2018	46,867	71,400	55,769	-	*
2017	30,063	81,727	59,090	-	*
2016	31,402	83,494	59,523	-	*

Source: The District's Business and Finance Department.

Note: Amounts do not include fringe benefits such as pension, health insurance, or disability.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Elementary										
Buildings	8	8	8	10	10	10	10	10	10	10
Square feet	62,045	62,045	62,045	546,930	546,930	545,898	545,898	545,898	545,898	545,898
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	307	307	345	380	301	242	448	457	467	690
Intermediate										
Buildings	10	10	10	7	7	7	7	7	7	7
Square feet	63,339	63,339	63,339	64,947	64,947	64,947	64,947	64,947	64,947	64,947
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	254	254	253	230	305	328	252	248	467	Note
Middle										
Buildings	23	23 (a)	23	6	6	6	6	6	6	6
Square feet	168,376	168,376 (a)	168,376	21,880	21,880	21,880	21,880	21,880	21,880	21,880
Capacity	1,200	1,200 (a)	1,200	600	600	600	600	600	600	600
Enrollment	119	119	140	166	129	133	133	156	136	135
High										
Buildings	23	23 (a)	23	19	19	19	19	19	19	19
Square feet	168,376	168,376 (a)	168,376	132,272	132,272	132,272	132,272	132,272	132,272	132,272
Capacity	1,200	1,200 (a)	1,200	600	600	600	600	600	600	600
Enrollment	244	244	262	227	202	197	239	241	164	212
Alternative MS/HS										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Capacity	60	60	60	60	60	60	60	60	60	60
Enrollment	94	94	80	73	66	67	71	71	47	45
Administrative										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	5,525	5,525	5,525	5,525	5,525	5,525	5,525	5,525	5,525	5,525
Transportation										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	23	23	23	23	23	25	25	19	21	23
Athletics										
Football fields	2	2	2	2	2	2	2	2	2	2
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball field:	4	4	4	4	4	4	4	4	4	4
Playgrounds	4	4	4	4	4	4	4	4	4	4

Source: The District's Business and Finance Department.

(a): Effective FY23, the District's middle and high school share the same campus.