



## BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40

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### **SINGLE AUDIT REPORT**

Fiscal Year Ended June 30, 2025

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**SINGLE AUDIT REPORT**  
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**YEAR ENDED JUNE 30, 2025**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baboquivari Unified School District No. 40 (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, and have issued our report thereon dated December 1, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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



**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Advisent Assurance, LLP*

Mesa, Arizona  
December 1, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Baboquivari Unified School District No. 40.'s (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Management's Responsibilities for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.



## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Other matters**

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the *Uniform Guidance* and that is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated December 1, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Advisent Assurance, LLP*

Mesa, Arizona  
December 1, 2025



**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>Federal Assistance Listing Number</b>	<b>Additional Award Identification (Optional)</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Agriculture:</b>					
<i>Passed through The Arizona Department of Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553		ADE ED09-0001	\$ 183,955	\$ -
National School Lunch Program	10.555		ADE ED09-0001	633,063	-
Commodities - Food Distribution Noncash	10.555		ADE ED09-0001	70,730	-
Summer Food Service Program	10.559		ADE ED09-0001	9,286	-
Subtotal Child Nutrition Cluster				897,034	-
<b>Total U. S. Department of Agriculture</b>				<b>897,034</b>	<b>-</b>
<b>U.S. Department of the Interior:</b>					
<i>Direct Program:</i>					
Indian Education Assistance to Schools	15.130		N/A	4,874	-
<b>Total U. S. Department of the Interior</b>				<b>4,874</b>	<b>-</b>
<b>U.S. Department of Justice:</b>					
<i>Direct Program:</i>					
COPS School Violence Prevention Program					
<b>Total U. S. Department of Justice</b>	16.071		N/A	500,001	-
<b>U.S. Department of Education:</b>					
<i>Direct Program:</i>					
Impact Aid	84.041		N/A	4,913,502	-
Indian Education - Grants to Local Education Agencies	84.060		N/A	252,586	-
<i>Passed through the Arizona Department of Education:</i>					
Title I - LEAs	84.010		25FT1TTI-511431-01A	1,299,810	-
Comprehensive Support and Improvement Grant	84.010		25FECSIM-511431-01A	144,250	-
Systemic Leadership	84.010		25FESISLD-511431-01A	10,068	-
Comprehensive Support and Improvement Grant Mini	84.010		25CSIM-511431-01A	65,607	-
Targeted Support and Improvement	84.010		25FETSIG-511431-01A	36,265	-
Total 84.010				1,556,000	-
Special Education Cluster (IDEA):					
IDEA Basic Grant Entitlement	84.027		25ICSGBA-511431-01A	343,525	-
IDEA Preschool	84.173		25ICSGPR-511431-01A	19,163	-
Subtotal Special Education Cluster (IDEA)				362,688	-
Title I - Neglected and Delinquent	84.013		25FLCCCL-511431-02A	5,629	-
CTED Basic/Federal Perkins	84.048		25FCTDBG-511431-08A	27,987	-
Homeless Mini Grant	84.196		24FEHCYM-411431-01A	3,901	-
Rural and Low Income Schools	84.358		25FTIRLC-511431-04A	3,906	-
Improving Teacher Quality	84.367		25FT1TII-511431-03A	57,293	-
Education Stabilization Grant - ARP Homeless	84.425W	COVID-19	22FAHIII-211431-01A	899	-
Education Stabilization Fund (ESSER III)	84.425U	COVID-19	21FESSII-111431-01A	1,135,970	-
Subtotal Education Stabilization Fund				1,136,869	-
<b>Total U. S. Department of Education</b>				<b>8,320,361</b>	<b>-</b>
<b>U.S. Department of Health and Human Services:</b>					
<i>Passed through the Arizona Department of Education:</i>					
Advancing Wellness and Resiliency in Education	93.354			9,175	-
<b>Total U. S. Department of Health and Human Services</b>				<b>9,175</b>	<b>-</b>
<b>Total Federal Expenditures</b>				<b>\$ 9,731,445</b>	<b>\$ -</b>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the District's federal grant activity for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 - FEDERAL ASSISTANCE LISTING NUMBERS**

The program titles and Federal Assistance Listings numbers were obtained from the federal or passthrough grantor or the 2025 Federal Assistance Listings.

**NOTE 4 - NON-CASH ASSISTANCE**

Food donations as reported for the Child Nutrition Cluster represents the amount of donated food used during the fiscal year ended June 30, 2025. Commodities are valued at fair value at the time of donation.

**NOTE 5 - INDIRECT COST RATE**

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414. The District used an indirect cost rate that was approved by the Arizona Department of Education.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>Yes</u>

Identification of major programs:

<u>Federal Assistance Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.041</u>	<u>Impact Aid</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2025**

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**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**2025-001 Reporting**

**Federal Assistance Listing Number:** 84.041

**Program Title:** Impact Aid

**Federal Agency:** U.S. Department of Education

**Pass-Through Number:** N/A

**Compliance Requirement:** L. Reporting

**Award Period:** July 1, 2024 – June 30, 2025

**Type of Finding:** Noncompliance (Other Matter), significant deficiency in internal control

**Questioned Costs:** N/A

**Repeat Finding:** No.

**Condition/Context:** The District did not accurately support the student counts reported within it's impact aid application for student enrollment.

**Criteria:** Section 7003 (OMB No. 1810-0687) Each year an LEA must submit this application, which provides the following information: counts of federally connected children in various categories, membership and average daily attendance data, and information on expenditures for children with disabilities.

**Cause:** The District did not have the adequate review procedures in place to ensure that student enrollment were accurately reported and verified.

**Effect:** The District was not in compliance with the reporting requirement. The application noted a student count of 1,055, and the support provided denoted a student count of 1,062.

**Recommendation:** We recommend the District review its internal control procedures over federal programs to ensure student enrollment data is maintained to support accurate reporting, and the data is reviewed and approved by someone other than the individual that is preparing the application.

**Views of Responsible Officials:** There is no disagreement with this finding.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2025**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**2024 - 001 Cash Reconciliations**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Criteria:** Management should have controls over cash reconciliations. COSO/internal Control Framework defines control activities as "policies and procedures that help ensure management's directives are carried out". Management review controls are defined as, "the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed and is an integral part of any internal control structure".

**Condition/Context:** There are no effective review controls established to ensure cash reconciliation are performed timely and in accordance with accounting principles generally accepted in the United States of America (US GAAP).

**Status of Finding:** Corrected during the current fiscal year.