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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF  
BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2019**

**SELLS, ARIZONA**

**PREPARED BY: BUSINESS AND FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**

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## **BABOQUIVARI UNIFIED SCHOOL DISTRICT**

P.O. Box 248  
Sells, Arizona 85634

(520) 383-6746  
Fax: (520) 383-5441

[www.busd40.org](http://www.busd40.org)

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December 30, 2019

Citizens and Governing Board  
Indian Oasis Baboquivari Unified School District No. 40  
dba: Baboquivari Unified School District No. 40  
PO Box 248  
Sells, AZ 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 comprehensive annual financial report of the Baboquivari Unified School District No. 40 for the fiscal year ended June 30, 2019.

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 CliftonLarsonAllen LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019, 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 concluded, 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, 2019, 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 1,200 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 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.

Citizens and Governing Board  
Baboquivari Unified School District No. 40

The Baboquivari Unified School District 40 transportation department covers 5,600 square miles of the main Tohono O'odham reservation within Pima County, Arizona on a daily basis 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 bounded 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 are comprised of a Primary Campus serving preschool through Grade 3; Intermediate Campus serving grades four through six; Secondary Campus serving grades seven through twelve; and an Alternative Campus serving grades six through 12. Our demographic includes 99.7% Tohono O'odham students.

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 are utilized 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 excelling staff. We have done this by becoming the highest paying entry salary for all certified teachers in the state of Arizona. We also provide housing or a commuter bus that will bring staff in from Tucson and back home. All teachers receive laptops to do their work on the bus if desired. We also support our staff by paying 100% of their medical benefit. Hiring the best teachers will ensure that our students are receiving a quality education. These strategies have resulted in moving our graduation rate from 48% in 2012 to 79% in 2019. Our attendance rate for the district has risen from 68% in 2012 to 90% in 2019. Our AzMERIT scores have doubled since the first year of its inception in Arizona.

We work with many agencies to support our student's 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 use of funds. Baboquivari Unified School District will celebrate 100 years of existence in 2019 and we are proud to be part of a historical opportunity to serve our children.

## **BUDGET PROCESS AND CONTROLS**

The annual budget process serves as the foundation for the School District's financial planning and control. Every year, the School 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 4 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 detail 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 budgeted 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 a total student population of 1,200. Ninety-nine plus percent of these students are Native American, and 100% of the students receive free breakfast and lunch with the Community Eligibility Provision Agreement with the National School Breakfast/ Lunch Program.

The primary sources of funding for the District are Federal Impact Aid from the federal government since all trust land is exempt from property taxes and state and county equalization payments. Federal special project grants also provide a significant 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 School District is not a growing district, therefore the projected enrollment for FY2019-2020 is equal to the current year enrollment. There are some building that are aging and in need of repair. The Primary School has the oldest facilities, between 50-60 years old, and is currently being renovated along with the transportation facilities. The funding for the renovations will be paid from Impact Aid funds.

There is a preventive maintenance plan in place to ensure the care of all facilities. The Intermediate Campus' oldest building is 36 years old and the newest building is 26 years old. The Baboquivari Middle/High School facility is the newest facility, the oldest building is 25 years old and the newest building is 13 years old.

### **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, 2019 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 comprehensive annual financial report for the fiscal year ended June 30, 2017 and 2018. Fiscal year 2017 was the first year the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017 and 2018. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual 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 comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2019 certificates.

### **Acknowledgments**

The preparation of the comprehensive annual 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 dark ink, reading "Edna Morris". The signature is written in a cursive, flowing style.

Dr. Edna Morris  
Superintendent

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2019**

**GOVERNING BOARD**

Juan C Buendia  
President

Anna Marie Stevens  
Clerk

Ella Mae Greasewood  
Member

Sylvia Hendricks  
Member

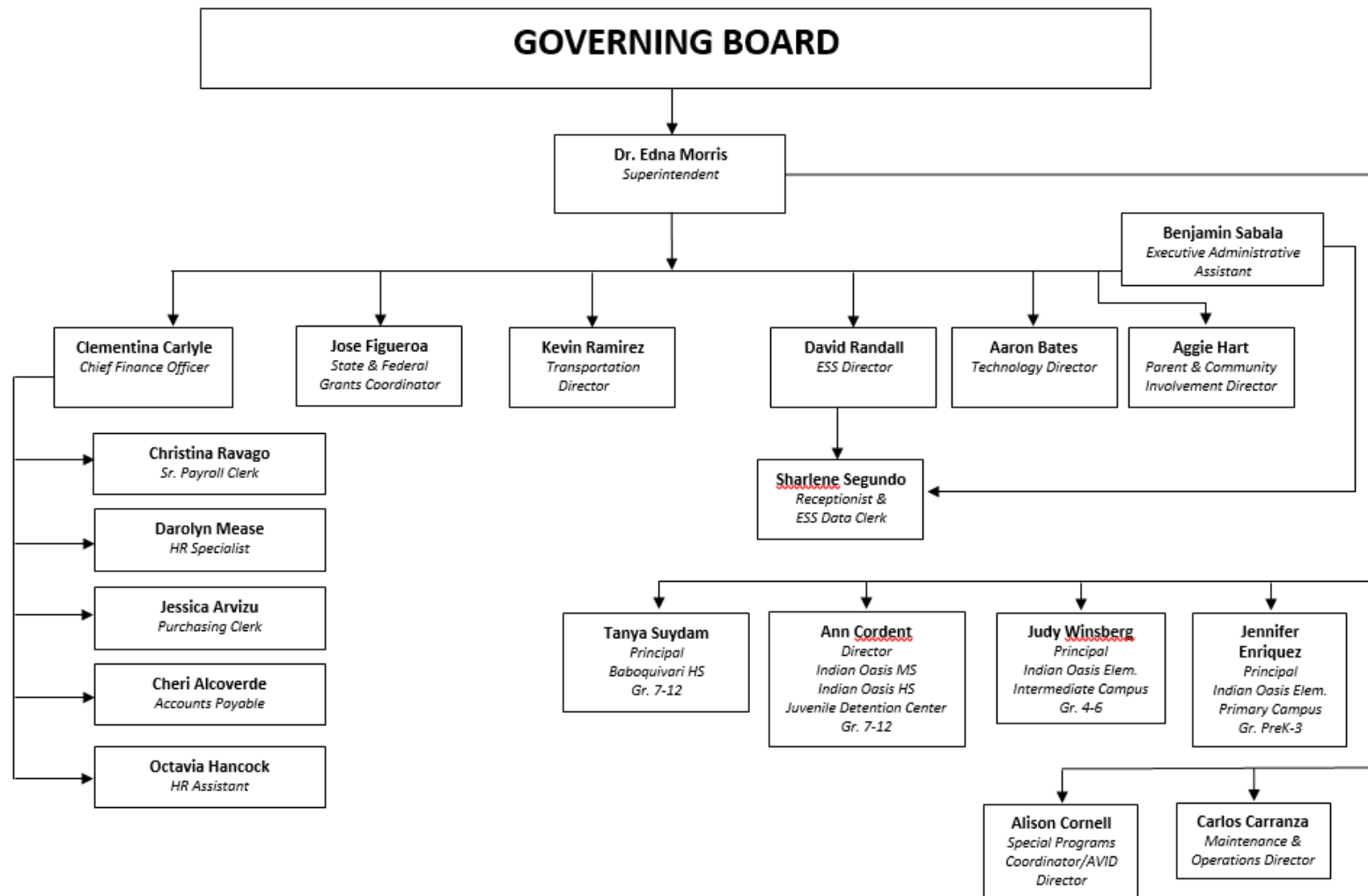
Kathleen Vance  
Member

**ADMINISTRATIVE STAFF**

Dr. Edna Morris  
Superintendent



**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**ORGANIZATIONAL CHART**  
**JUNE 30, 2019**





The Certificate of Excellence in Financial Reporting  
is presented to

**Baboquivari Unified School District No. 40**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohleber'.

Tom Wohleber, CSRM  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE  
Chief Operating Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baboquivari Unified School District No. 40 (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Baboquivari Unified School District No. 40 as of June 30, 2019, 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.

### ***Emphasis-of-Matter Regarding a Prior Period Adjustment***

As discussed in Note 5 to the financial statements, a physical inventory count was performed and various adjustments were made to the capital asset ledger that resulted in a net increase to capital assets as of June 30, 2018 of \$1,240,048. Accordingly, beginning net assets as of July 1, 2018, were restated to reflect the correction of this error. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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.

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Tucson, Arizona  
December 30, 2019

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**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019. 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 the liabilities and deferred inflows of resources at the close of the fiscal year by \$31,626,357 (net position).
- ◆ The District's net position increased by \$2,182,002.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$19,795,634, an increase of \$772,319 in comparison with the prior year.
- ◆ At the end of year, unassigned fund balance for the General Fund was \$19,034,611.

**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 the 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 of the District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the District is improving or deteriorating.

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

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

The government-wide financial statements present functions of the District that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of noninstructional services, and interest on long-term debt.

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

**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 of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 seven 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 and Special Projects Fund, which are considered to be 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 and Special 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 does not adopt a revenue budget; therefore, a deficit budgeted fund balance exists in all budgeted funds. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

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

The basic governmental fund financial statements can be found on pages 24 - 27 of this report.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary funds are custodial in nature and do not present results of operations or a measurement focus.

The basic fiduciary fund financial statement can be found on page 29 of this report.

**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 on pages 29 - 46 of this report.

**Required Supplementary Information Other Than the MD&A.** The required supplementary information other than the MD&A found immediately following the notes to the financial statements include the schedule of funding progress for the other postemployment benefit plan, pension schedules, and the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and Special Projects Fund. Notes to the required supplementary information follow the budgetary comparison schedules.

**Other information.** The combining statements referred to earlier 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 on pages 51 - 64 of this report.

**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 by \$31,626,357 (net position) as of June 30, 2019.

By far the largest portion of the District's net position reflects its net investment in capital assets (e.g., land improvements, buildings, furniture, equipment, and vehicles). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District reported an unrestricted net position in the current year of \$5,277,873.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

A summary of changes in the District's Statement of Net Position for the fiscal years ended June 30, 2019 and 2018 is as follows:

	Governmental Activities		
	2019	(Restated) 2018	Percent Change
Current and Other Assets	\$ 21,083,391	\$ 19,880,675	6.0 %
Capital Assets	25,584,640	25,232,518	1.4
Noncurrent Assets	33,903	51,604	100.0
Total Assets	<u>46,701,934</u>	<u>45,164,797</u>	3.4
Deferred Outflows of Resources	1,993,138	2,224,301	(10.4)
Current Liabilities	1,563,575	1,061,252	47.3
Noncurrent Liabilities	13,187,510	14,896,147	(11.5)
Total Liabilities	<u>14,751,085</u>	<u>15,957,399</u>	(7.6)
Deferred Inflows of Resources	<u>2,317,630</u>	<u>1,987,344</u>	16.6
Net Position:			
Net Investment in Capital Assets	25,584,640	25,232,518	1.4
Restricted	763,844	679,701	12.4
Unrestricted	5,277,873	3,532,136	49.4
Total Net Position	<u>\$ 31,626,357</u>	<u>\$ 29,444,355</u>	7.4

Current and other assets increased 6.0%. The increase was due to the investments and cash held with the county treasurer and related investment income. Restricted net position increased 12.4% due to increased funds made available for their restricted purpose. Each of these funds is expected to be required to meet planned expenses in the upcoming year. Unrestricted net position increased 49.4% largely due to an effort to reduce expenditures during the current year as noted in the following pages.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

Overall, net position of the District increased \$2,182,002. Key elements of this increase are presented in the following Condensed Statement of Changes in Net Position for the fiscal years ended June 30, 2019 and 2018:

	Governmental Activities		
	2019	2018	Percent Change
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 212,964	\$ 221,550	(3.9)%
Operating Grants and Contributions	3,948,894	4,004,225	(1.4)
General Revenues:			
Grants and Contributions Not Restricted to Specific Programs:			
State Equalization and Additional State Aid	6,762,508	6,247,880	8.2
County Equalization	744,909	759,372	(1.9)
Federal Grants and Aid	8,381,941	7,122,972	17.7
Investment Earnings	338,991	157,966	114.6
Other	119,113	107,405	10.9
Total Revenues	<u>20,509,320</u>	<u>18,621,370</u>	10.1
<b>EXPENSES</b>			
Instruction	8,257,719	7,557,775	9.3
Support Services:			
Students and Instructional Staff	2,280,438	2,615,874	(12.8)
Administration	2,773,107	2,782,592	(0.3)
Operation and Maintenance of Plant	2,683,631	2,556,740	5.0
Student Transportation	1,401,415	1,348,614	3.9
Operation of Noninstructional Services	931,008	958,988	(2.9)
Total Expenses	<u>18,327,318</u>	<u>17,820,583</u>	2.8
Change in Net Position	2,182,002	800,787	172.5
Net Position - Beginning of Year, as Restated	29,444,355	27,403,520	7.4
Net Position - End of Year	<u>\$ 31,626,357</u>	<u>\$ 28,204,307</u> **	12.1

\*\*2018 beginning net position was restated as of July 1, 2018

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

Program revenues, which consist of charges for services and operating grants and contributions, decreased from the prior year by \$63,917. Operating grants and contributions decreased 1.5% due to a decrease in revenue passed through from the federal government.

General revenues increased \$1,951,867 from the prior year, mainly due to increases in state equalization which increased by 8.2%, Federal aid which increased by 17.7%, and investment income which increased by 114.6%.

District expenses decreased over the prior year by \$506,735. The District reported decreases in students and instructional staff, administration, and operation of noninstructional services. The decreases were due to reductions in hiring staff. The District reported an increase in operation and maintenance of plant by a total of \$126,891 largely due to increased maintenance to the schools.

**Financial Analysis of the District's Funds**

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

*Governmental funds.* The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of 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 \$19,795,634, an increase of \$772,319 in comparison with the prior year. Of this amount \$19,031,790 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remaining fund balance is either in nonspendable form or restricted to indicate that it is not available for new spending.



**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2019**

At fiscal year-end June 30, 2019 fund balances were as follows:

Fund	Balance	Increase (Decrease) from 2017-18
General Fund	\$ 19,034,611	\$ 687,631
Special Projects Fund	(2,821)	545
Nonmajor Governmental Funds	763,844	84,143

The General Fund increase in fund balance was mostly due to fiscal management to maintain fund balance for carryover.

The Special Projects Fund decreased \$545 due to decreased intergovernmental revenues.

The Nonmajor Governmental Funds increased \$84,143. The increase was in large part due to an increase in various revenues.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget totaled \$41,074. In Arizona, school districts build their original "adopted" budget based on the previous year's 100th day average daily attendance. The District is allowed to increase or decrease its budget. The District also moved budget capacity between line items due to changes in operations during the year. Actual General Fund expenditures were \$661,777 less than budget during the fiscal year. Actual expenditures were within 8.1% of budget. The District's regular education and special education instruction line items were both under budget.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2019**

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$25,584,640 (net of accumulated depreciation). This investment in capital assets includes land improvements, construction in progress, buildings and improvements, and furniture, equipment and vehicles. The amount represents a net increase of 1.4% from last year. Total depreciation expense for the year was \$1,783,501.

Major capital asset events during the current fiscal year included removal of carpeting from classrooms and major renovations at the primary school, which has the oldest buildings in the district. The renovations are scheduled to be completed in fiscal year 2020 and renovations to the transportation department will start during fiscal year 2020. In addition, the District received funding from the state from the VW Settlement and was able to purchase 2 busses that were ordered in fiscal year 2019 and received in fiscal year 2020.

Capital Assets (Net)  
June 30, 2019 and 2018

	Governmental Activities	
	2019	(Restated) 2018
Land Improvements	\$ 1,565,319	\$ 1,753,549
Construction of Progress	972,455	-
Buildings and Building Improvements	19,857,308	20,841,362
Furniture, Equipment, and Vehicles	3,189,558	2,637,607
Total Capital Assets, Net	<u>\$ 25,584,640</u>	<u>\$ 25,232,518</u>

Additional information on the District's capital assets can be found in Note 3.A.3. of this report.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2019**

**Long-term debt.** At the end of the current fiscal year, the District had no long-term debt.

**Economic Factors and Next Year's Budgets and Rates**

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 budget. Among them:

- Inflation funding and Average Daily Membership
- Utility costs and efficiency opportunities
- Arizona State Retirement and health insurance benefit costs
- Custodial expenses
- Employee salaries and employee retention

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Services Department, Baboquivari Unified School District No. 40, P.O. Box 248, Sells, Arizona 85634-0248.

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## **BASIC FINANCIAL STATEMENTS**

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**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 17,945,882
Receivables, Net	
Interest	95,254
Intergovernmental	3,042,255
Total Current Assets	<u>21,083,391</u>
Noncurrent Assets:	
Capital Assets:	
Non-Depreciable	972,455
Depreciable, Net	24,612,185
Other Postemployment Benefits Asset	33,903
Total Assets	<u>46,701,934</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to Other Postemployment Benefits	137,601
Deferred Outflow Related to Pensions	1,855,537
Total Deferred Outflows of Resources	<u>1,993,138</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	864,447
Accrued Wages and Benefits	423,310
Compensated Absences Payable	275,818
Total Current Liabilities	<u>1,563,575</u>
Noncurrent Liabilities:	
Compensated Absences Payable, Long-Term	7,642
Net Pension Liability	13,130,612
Net Other Postemployment Benefits Liability	49,256
Total Liabilities	<u>14,751,085</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Other Postemployment Benefits	104,113
Deferred Inflows Related to Pensions	2,213,517
Total Deferred Inflows of Resources	<u>2,317,630</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	25,584,640
Restricted for:	
Classroom Site	389,004
Instructional Improvement	180,873
Other Special Revenue	162,860
Food Services	7,668
Capital Projects	23,439
Unrestricted	5,277,873
Total Net Position	<u><u>\$ 31,626,357</u></u>

See accompanying Notes to the Basic Financial Statements.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue
		Services	Grants and	and Changes
			Contributions	in Net Position
				Governmental
				Activities
Primary Government:				
Governmental Activities:				
Instruction	\$ 8,257,719	\$ 82,066	\$ 2,792,553	\$ (5,383,100)
Support Services:				
Students	1,348,557	4,335	448,109	(896,113)
Instructional Staff	931,881	1,385	446,550	(483,947)
General Administration	401,527	2,441	1,351	(397,735)
School Administration	1,007,092	1,521	90,448	(915,124)
Business and Other Support Services	1,364,488	2,980	134,576	(1,226,932)
Operation and Maintenance of Plant	2,683,631	18,248	35,308	(2,630,075)
Student Transportation	1,401,415	2,970	-	(1,398,445)
Operation of Noninstructional Services	931,008	97,018	-	(833,990)
Total	<u>\$ 18,327,318</u>	<u>\$ 212,964</u>	<u>\$ 3,948,894</u>	<u>(14,165,460)</u>
General Revenues:				
Grants and Contributions Not Restricted to				
Specific Programs State Equalization				6,762,508
County Equalization				744,909
Federal Aid not Restricted				8,381,941
Investment Earnings				338,991
Other				119,113
Total General Revenues				<u>16,347,462</u>
Change in Net Position				2,182,002
Net Position - Beginning of Year, restated				29,444,355
Net Position - End of Year				<u>\$ 31,626,357</u>

See accompanying Notes to the Basic Financial Statements.



**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	General Fund	Special Projects	Nonmajor	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 17,241,762	\$ -	\$ 704,120	\$ 17,945,882
Receivables:				
Accrued Interest	95,254	-	-	95,254
Intergovernmental	2,399,541	492,895	149,819	3,042,255
Due from Other Funds	380,986	-	-	380,986
Total Assets	<u>\$ 20,117,543</u>	<u>\$ 492,895</u>	<u>\$ 853,939</u>	<u>\$ 21,464,377</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 733,265	\$ 55,712	\$ 75,470	\$ 864,447
Accrued Wages and Benefits	349,667	59,018	14,625	423,310
Due to Other Funds	-	380,986	-	380,986
Total Liabilities	<u>1,082,932</u>	<u>495,716</u>	<u>90,095</u>	<u>1,668,743</u>
<b>FUND BALANCES</b>				
Restricted	-	-	763,844	763,844
Unassigned	19,034,611	(2,821)	-	19,031,790
Total Fund Balances	<u>19,034,611</u>	<u>(2,821)</u>	<u>763,844</u>	<u>19,795,634</u>
Total Liabilities and Fund Balances	<u>\$ 20,117,543</u>	<u>\$ 492,895</u>	<u>\$ 853,939</u>	<u>\$ 21,464,377</u>

See accompanying Notes to the Basic Financial Statements.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Total Fund Balances for Governmental Funds	\$	19,795,634
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Governmental Capital Assets	\$ 55,764,733	
Less: Accumulated Depreciation	<u>(30,180,093)</u>	25,584,640

Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions and other postemployment benefits	1,993,138	
Deferred inflows of resources related to pensions and other postemployment benefits	<u>(2,317,630)</u>	(324,492)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Other Postemployment Benefits Asset	33,903	
Pension and Other Postemployment Benefit Liabilities	(13,179,868)	
Compensated Absences Payable	<u>(283,460)</u>	<u>(13,429,425)</u>

Total Net Position of Governmental Activities	\$	<u><u>31,626,357</u></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 – GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund	Special Projects	Nonmajor	Totals
<b>REVENUES</b>				
Intergovernmental	\$ 15,891,858	\$ 2,600,781	\$ 1,345,613	\$ 19,838,252
Food Service Sales	-	-	10,285	10,285
Tuition	-	-	-	-
Auxiliary Operations	22,661	-	-	22,661
Charges for Services	105,699	-	42,329	148,028
Contributions and Donations	-	-	31,990	31,990
Investment Earnings	329,295	2,557	7,139	338,991
Other	65,547	-	54,503	120,050
Total Revenues	16,415,060	2,603,338	1,491,859	20,510,257
<b>EXPENDITURES</b>				
Current				
Instruction	6,082,033	1,412,004	516,858	8,010,895
Support Services:				
Students	1,007,694	437,756	8,026	1,453,476
Instructional Staff	552,969	436,233	1,538	990,740
General Administration	377,925	1,320	5,360	384,605
School Administration	987,955	88,358	-	1,076,313
Business and Other Support Services	1,077,987	131,467	3,807	1,213,261
Operations and Maintenance of Plant	2,644,681	34,492	40,873	2,720,046
Student Transportation	1,929,402	-	-	1,929,402
Operation of Noninstructional Services	59,979	-	818,528	878,507
Capital Outlay				
Facilities Acquisition	1,067,967	-	12,726	1,080,693
Total Expenditures	15,788,592	2,541,630	1,407,716	19,737,938
Excess of Revenues Over Expenditures	626,468	61,708	84,143	772,319
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	61,163	-	-	61,163
Transfers Out	-	(61,163)	-	(61,163)
Total Other Financing Sources (Uses)	61,163	(61,163)	-	-
Net Change in Fund Balances	687,631	545	84,143	772,319
Fund Balances - Beginning of Year	18,346,980	(3,366)	679,701	19,023,315
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 19,034,611</u>	<u>\$ (2,821)</u>	<u>\$ 763,844</u>	<u>\$ 19,795,634</u>

See accompanying Notes to the Basic Financial Statements.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$	772,319
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditure for Capital Assets, Net	\$ 2,162,313		
Net Book Value of Assets Disposed	(26,690)		
Depreciation Expense	<u>(1,783,501)</u>		352,122

Governmental funds report pension and other postemployment benefits contributions as expenditures when made. However, in the statement of activities, pension and other postemployment benefits expenses are the cost of benefits earned, adjusted for member contributions, in the recognition of changes in deferred outflows and inflows or resources related to pensions and other postemployment benefits, and the investment experience.

Pension and Other Postemployment Benefits Contributions	1,155,713		
Pension and Other Postemployment Benefits Expense	<u>(73,460)</u>		1,082,253

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.

Change in Compensated Absences		<u>(24,692)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>2,182,002</u></u>
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*See accompanying Notes to the Basic Financial Statements.*

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2019**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 188,863
Receivables	4,524
Total Assets	<u>\$ 193,387</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 157,216
Due to Student Groups	36,171
Total Liabilities	<u>\$ 193,387</u>

*See accompanying Notes to the Basic Financial Statements.*

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Baboquivari Unified School District No. 40 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

**A. Reporting Entity**

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. In evaluating how to define the District, for financial reporting purposes, management has identified no potential component units. The decision to include a potential component unit in the reporting entity would have been made by applying criteria set forth in accounting principles generally accepted in the United States of America. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the District) are financially accountable. The primary government is financially accountable for a potential component unit if it: appoints a voting majority of the potential component unit's governing body; and, either is able to impose its will on the potential component unit or there is a possibility of the potential component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. In addition, a primary government may be financially accountable for a potential component unit even though the potential component unit may have a separately elected governing board, a board appointed by another government, or a jointly appointed board if the potential component unit is fiscally dependent on the primary government (e.g., the primary government must approve the potential component unit's budget, tax rates, etc.). Because no potential component units were identified in defining the District's reporting entity, none have been included in the District's 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.

**B. 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 of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by intergovernmental revenues are 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.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

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. Other items not properly included among program revenues are reported instead as *general revenues*.

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, however, the District only reports agency funds in its fiduciary fund types, which do not present results of operations or a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Intergovernmental grants and aid, 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 District.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The District reports the following 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. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within four subsections titled regular education, special education, pupil transportation, and K-3 reading program.

The Special Projects Fund is a special revenue fund which accounts for the revenues and expenditures of state and federally funded educational grants.

Additionally, the District reports the following fund type:

The Agency Fund is custodial in nature and does not present results of operations or a measurement focus and is described as follows:

The Student Activities Fund accounts for monies raised by students to finance student clubs and organizations but held by the District as an agent.

The Employee Insurance Fund accounts for monies held to pay insurance premiums of the District employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include charges for services and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

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 THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

The District's cash and investments are considered to be cash on hand, demand deposits, cash and investments held by the State and County Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

A.R.S. require the District to deposit certain cash with the County Treasurer, which is pooled for investment purposes.

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.

The State Board of Investment 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.

**2. Receivables**

Intergovernmental receivables are comprised of federal grants and aid (\$495,814), instructional improvement funds due from the state (\$19,777), state and county equalization and additional state aid (\$2,404,534) and other miscellaneous state grants (\$122,130).

Interest receivable represents investment interest related to the pooled accounts held with the Pima County Treasurer.

**3. Short-Term Interfund Receivables/Payables**

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from the 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.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**4. Capital Assets**

Capital assets, which include land improvements, buildings and improvements, furniture, equipment and vehicles, 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.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported 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:

Land Improvements	20 to 25 Years
Buildings and Improvements	20 to 80 Years
Furniture, Equipment, and Vehicles	5 to 35 Years

**5. Deferred Outflows of Resources**

The deferred outflows of resources reported in the government-wide financial statements, represent amounts related to the requirements of accounting and financial reporting for pensions and other postemployment benefits under GASB 68 and 75.

**6. Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**7. Pension Plans and Other Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. 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.

**8. Deferred Inflows of Resources**

The District recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions and other postemployment benefits under GASB 68 and 75.

**9. Net Position**

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because the District reports all District capital assets which make up a significant portion of total net position. Restricted net position accounts 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.

**10. Fund Balances**

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 and spendable fund balances. Spendable fund balances include restricted, committed, assigned, and unassigned fund balance classifications.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**10. Fund Balances (Continued)**

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.

Restricted fund balances are those that have externally imposed restrictions on the usage by creditors, grantors, contributors, or laws and regulations.

The committed fund balances are self-imposed limitations approved by the Governing Board, which is the highest level of decision-making authority within the District. Only the Governing Board can remove or change the constraints placed on committed fund balances. The governing board must commit fund balances before the end of the fiscal year through formal board action.

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Governing Board has authorized the Chief Financial Officer, through formal action at a board meeting, to make assignments of resources for specific purposes.

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.

It is the District's policy to utilize restricted fund balances first, then committed, assigned and unassigned fund balances when resources are available for the same purpose.

The District has classified its fund balances as follows:

	General Fund	Special Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Classroom Site	\$ -	\$ -	\$ 389,004	\$ 389,004
Instructional Improvements	-	-	180,873	180,873
Other Special Revenues	-	-	162,860	162,860
Food Service	-	-	7,668	7,668
Deficiencies Correction	-	-	23,439	23,439
<b>Unassigned</b>	<u>19,034,611</u>	<u>(2,821)</u>	<u>-</u>	<u>19,031,790</u>
<b>Total Fund Balance</b>	<u><u>\$ 19,034,611</u></u>	<u><u>\$ (2,821)</u></u>	<u><u>\$ 763,844</u></u>	<u><u>\$ 19,795,634</u></u>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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. 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 four subsections, any of which may be overexpended 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.

A budget of revenue from all sources for the fiscal year is not prepared by the District.

No supplementary budgetary appropriations were necessary during the year.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2019 consist of the following:

Deposits:	
Cash in Bank	\$ 7,328
Investments:	
Cash on Deposit with County Treasurer	18,127,417
Total Deposits and Investments	<u>18,134,745</u>
Less: Fiduciary Funds	<u>(188,863)</u>
Total Cash and Investments	<u><u>\$ 17,945,882</u></u>

**Deposits** - Custodial credit risk 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 does not have a formal policy regarding custodial credit risk. The carrying amount of the District's deposits at June 30, 2019, was \$7,328 and the bank balance was \$95,560.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**Investments** - At June 30, 2019, the District's investments were reported at fair value, which were based on quoted market prices. The District's investment in the County Treasurer's investment pool represents a proportionate interest in those pools' portfolios; however, the District's portion is not identified with a specific investment and is not subject to custodial credit risk. The District's investments with the County Treasurer's investment pool are invested in Level 1 investments valued using quoted market prices in active markets and Level 2 investments valued using quoted prices in non-active markets.

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the average maturity of its investments to one year or less. The District does not hold any fixed rate debt securities.

*Credit risk.* In accordance with the District's investment policy, the District only invests in the State or County Treasurer investment pools, U.S. government securities or state or local bonds. The District's cash on deposit with the County Treasurer and U.S. Treasury Securities did not receive a credit quality rating from a national credit rating agency.

*Concentration of credit risk.* The District does not have a formal investment policy that addresses concentration of credit risk; all investments are recorded with the County Treasurer or are on deposit with the trustee.

**2. Receivables**

Governmental funds report accrued interest and intergovernmental receivables in connection with resources that have been earned but not yet received.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 972,455	\$ -	\$ 972,455
Total Capital Assets, Not Being Depreciated	-	972,455	-	972,455
Capital Assets, Being Depreciated:				
Land Improvements	5,709,910	38,176	(13,655)	5,734,431
Buildings and Improvements	42,504,812	25,269	-	42,530,081
Furniture, Equipment, and Vehicles	5,481,272	1,126,413	(79,919)	6,527,766
Total Capital Assets, Being Depreciated	53,695,994	1,189,858	(93,574)	54,792,278
Accumulated Depreciation for:				
Land Improvements	(3,956,361)	(225,041)	12,290	(4,169,112)
Buildings and Improvements	(21,663,450)	(1,009,323)	-	(22,672,773)
Furniture, Equipment, and Vehicles	(2,843,665)	(549,137)	54,594	(3,338,208)
Total Accumulated Depreciation	(28,463,476)	(1,783,501)	66,884	(30,180,093)
Total Capital Assets, Being Depreciated, Net	25,232,518	(593,643)	(26,690)	24,612,185
Governmental Activities Capital Assets, Net	<u>\$ 25,232,518</u>	<u>\$ (593,643)</u>	<u>\$ (26,690)</u>	<u>\$ 25,584,640</u>

Depreciation expense was charged to functions as follows at June 30, 2019:

Governmental Activities:	
Instruction	\$ 1,054,837
Support Services:	
Students	9,174
Instructional Staff	4,011
General Administration	36,969
School Administration	16,514
Business and Other Support Services	209,319
Operations and Maintenance of Plant	157,647
Student Transportation	239,345
Operation of Noninstructional Services	55,685
Total	<u>\$ 1,783,501</u>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables, Payables, and Transfers**

As of June 30, 2019, interfund receivables and payables were as follows:

<u>Due To</u>	<u>Due From</u>
General Fund	Special Projects Fund
	\$ 380,986

The above interfund receivable and payable was recorded to eliminate the cash short-falls in individual funds at June 30, 2019. The District expects to recover the cash short-falls within one year.

Interfund transfers for the year ended June 30, 2019 consisted of the following:

	General Fund	Special Projects Fund	Totals
Transfers In	\$ 61,163	\$ -	\$ 61,163
Transfers Out	-	(61,163)	(61,163)
Totals	\$ 61,163	\$ (61,163)	\$ -

The transfers from the Special Projects Fund and General Fund were made to fund the District's indirect costs on grants passed through the Arizona Department of Education.

**C. Long-Term Obligations**

Compensated absences and the other postemployment benefits obligation are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	Beginning of Year	Increases	Decreases	End of Year	Due within One Year
Other Liabilities:					
Net Pension and Other Postemployment Benefits Liability	\$ 14,841,271	\$ -	\$ (1,710,659)	\$ 13,130,612	\$ -
Compensated Absences	258,768	295,102	(270,410)	283,460	275,818
Total Other Liabilities	15,100,039	295,102	(1,981,069)	13,414,072	275,818
Total Long-Term Obligations	\$ 15,100,039	\$ 295,102	\$ (1,981,069)	\$ 13,414,072	\$ 275,818



**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain general property and liability insurance at a cost it considers to be economically justifiable. The District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the state. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool operating as a common risk management and insurance program for school districts in the state. The District pays an annual premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amount of each insured event.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. Alliance is a public entity risk pool operating as a common risk management and insurance program for school districts in the state. The District pays annual premiums to Alliance for its employee workers' compensation coverage. The agreement provides that Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

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.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans**

**Cost-Sharing Pension and Other Postemployment Benefit Plans**

At June 30, 2019, the District reported the following related to pensions and other postemployment benefits (OPEB) to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities
Net OPEB Asset	\$ 33,903
Net Pension and OPEB Liability	13,130,612
Deferred Outflows of Resources	1,855,537
Deferred Inflows of Resources	2,213,517
Pension and OPEB Expense	73,460

The District had no accrued payroll and benefits for outstanding pension and other postemployment benefit contribution amounts payable for the year ended June 30, 2019. Disclosures related to the OPEB plan for ASRS are not included as the assets, liabilities, deferred inflows of resources, deferred outflows of resources, and OPEB expense are not significant to the District's financial statements.

**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](http://www.azasrs.gov).

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**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:

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

\* With actuarially reduced benefits.

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

**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, 2019, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.80% (11.64% for retirement and 0.16% for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.80% (11.18% for retirement, 0.46% for the health insurance premium benefit, and 0.16% for long-term disability) of the active members' annual covered payroll.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

In addition, the District was required by statute to contribute at the actuarially determined rate of 10.53% (10.41% for retirement, 0.16% for health insurance premium benefits, and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS.

The District's contributions to the pension plan for the year ended June 30, 2019 were \$1,095,296.

The District's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

<u>Year Ended June 30,</u>	Health Benefit Supplement Fund	Long-Term Disability Fund
2019	\$ 44,214	\$ 16,078
2018	46,872	11,249
2017	46,332	11,120

During the fiscal year ended June 30, 2019, the District paid for ASRS pension and OPEB contributions as follows: 81.0% from the General Fund and 19.0% from other funds.

**Pension Liability** - At June 30, 2019, the District reported a liability of \$13,130,612 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption for changes in loads for future potential permanent benefit increases.

The District's reported liability at June 30, 2019, decreased by \$1,676,325 from the District's prior year liability of \$14,806,937 because of changes in the ASRS' net pension liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The District's proportion of the net pension liability was based on the District's fiscal year 2017 contributions. The District's proportion measured as of June 30, 2018 and 2017 was 0.09415% and 0.09505%, respectively.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2019, the District recognized pension expense for ASRS of \$21,975. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 361,738	\$ 72,387
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	315,760
Changes in Assumptions	347,460	1,164,209
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	51,043	661,161
Contributions Subsequent to the Measurement Date	1,095,296	-
Total	<u>\$ 1,855,537</u>	<u>\$ 2,213,517</u>

The \$1,095,296 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2020	\$ (364,129)
2021	(468,556)
2022	(478,985)
2023	(141,606)

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

Actuarial Valuation Date	June 30, 2017
Actuarial Roll Forward Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5%
Projected Salary Increases	2.7 - 7.2%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	50%	5.50%	2.75%
Fixed Income	30%	3.83%	1.15%
Real Estate	20%	5.85%	1.17%
Total	100%		5.07%

**Discount Rate** - The discount rate used to measure the ASRS total pension liability was 7.5%. 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 liability.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the Net Pension Liability	\$ 18,717,989	\$ 13,130,612	\$ 8,462,448

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

**NOTE 5 PRIOR PERIOD ADJUSTMENT**

During the fiscal year, a physical inventory count of capital assets was performed and various adjustments were made to the capital asset ledger that resulted in an adjustment of \$1,240,046. In order to correct this reporting error, a prior period adjustment has been made to reflect the actual capital assets held by the district. The effect of the prior period adjustment is to increase both net position and capital assets, net at June 30, 2019 by the referenced amount.

	Capital Assets, Net	Net Position
June 30, 2018, as Originally Reported	\$ 23,992,470	\$ 28,204,307
Prior Period Adjustment	1,240,048	1,240,048
June 30, 2018, as Restated	<u>\$ 25,232,518</u>	<u>\$ 29,444,355</u>

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

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**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
NET PENSION LIABILITY AND CONTRIBUTIONS  
COST SHARING PENSION PLANS  
FISCAL YEAR ENDED JUNE 30, 2019**

**Schedule of the District's Proportionate Share of Net Pension Liability**

	Reporting Year (Measurement Date)			
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
District's Proportion of the Net Pension Liability	0.094150%	0.095050%	0.104320%	0.099360%
District's Proportionate Share of the Net Pension Liability	\$ 13,130,612	\$ 14,806,937	\$ 16,838,296	\$ 15,476,759
District's Covered-Employee Payroll	\$ 9,117,311	\$ 8,994,701	\$ 9,285,702	\$ 10,019,801
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	144.02%	164.62%	181.34%	154.46%
Plan Fiduciary Net Positon as a Percentage of the Total Pension Liability	73.00%	69.92%	67.06%	68.35%

**Schedule of the District's Contributions**

	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,020,007	\$ 999,412	\$ 1,059,845	\$ 996,612
Contributions in Relation to the Contractually Required Contribution	1,095,296	1,009,685	1,005,410	1,051,783
Contribution Deficiency (Excess)	\$ (75,289)	\$ (10,273)	\$ 54,435	\$ (55,171)
District's Covered-Employee Payroll	\$ 9,614,637	\$ 9,117,311	\$ 8,994,701	\$ 9,285,702
Contributions as a Percentage of Covered-Employee Payroll	11.39%	11.07%	11.18%	11.33%

NOTE: Information is only available for the current and previous three fiscal years. Schedule is intended to show information for 10 years, additional years' information will be displayed as it becomes available.

See Notes to Required Supplementary Information.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND – BUDGETARY BASIS**  
**FISCAL YEAR ENDED JUNE 30, 2019AT [2019]**

	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental			\$ 7,507,417	
Investment Loss			(15,074)	
Other			18,044	
Total Revenues			<u>7,510,387</u>	
<b>EXPENDITURES</b>				
Regular Education:				
Instruction	\$ 3,139,612	\$ 2,990,771	3,066,778	\$ (76,007)
Support Services - Students	212,268	185,575	168,459	17,116
Support Services - Instructional Staff	38,464	123,392	115,396	7,996
Support Services - General Administration	295,787	364,368	348,626	15,742
Support Services - School Administration	685,063	790,950	740,459	50,491
Support Services - Business	536,823	516,534	444,859	71,675
Operations and Maintenance of Plant	1,646,097	1,761,871	1,681,386	80,485
Other	442,270	407	-	407
Operation of Noninstructional Services	65,900	27,792	27,792	-
School Sponsored Cocurricular Activities	27,042	26,520	-	26,520
School Sponsored Athletics	90,500	87,750	-	87,750
Total Regular Education	<u>7,179,826</u>	<u>6,875,930</u>	<u>6,593,755</u>	<u>282,175</u>
Special Education:				
Instruction	440,771	440,771	749,785	(309,014)
Support Services - Students	400,542	400,542	81,754	318,788
Support Services - Instructional Staff	31,600	31,600	27,736	3,864
Support Services - School Administration	98,860	98,860	-	98,860
Total Special Education	<u>971,773</u>	<u>971,773</u>	<u>859,275</u>	<u>112,498</u>
Student Transportation	-	267,107	-	267,107
K-3 Reading Program	58,941	54,656	54,659	(3)
Total Expenditures	<u>\$ 8,210,540</u>	<u>\$ 8,169,466</u>	<u>7,507,689</u>	<u>\$ 661,777</u>
Excess of Revenues Over Expenditures			2,698	
<b>OTHER FINANCING SOURCES</b>				
Transfers In			452,248	
Total Other Financing Sources			<u>452,248</u>	
Net Change in Fund Balance			454,946	
Fund Balance - Beginning of Year			<u>80,319</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 535,265</u></u>	

See Notes to Required Supplementary Information.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**SPECIAL PROJECTS FUND – BUDGETARY BASIS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental			\$ 2,600,781	
Investment Loss			2,557	
Other			(935)	
Total Revenues			2,602,403	
<b>EXPENDITURES</b>				
Current:				
Instruction	\$ 457,096	\$ 602,190	1,411,069	\$ (808,879)
Support Services:				
Students	1,825,657	2,020,219	437,756	1,582,463
Instructional Staff	-	-	436,233	(436,233)
General Administration	2,015	3,002	1,320	1,682
School Administration	-	-	88,358	(88,358)
Business and Other Support Services	-	-	131,467	(131,467)
Operations and Maintenance of Plant	-	-	34,492	(34,492)
Student Transportation	-	-	-	-
Operation of Noninstructional Services	-	-	-	-
Facilities Acquisition	200,000	200,000	-	200,000
Total Expenditures	<u>\$ 2,484,768</u>	<u>\$ 2,825,411</u>	<u>2,540,695</u>	<u>\$ 284,716</u>
Excess of Revenues Over Expenditures			61,708	
<b>OTHER FINANCING USES</b>				
Transfers Out			(61,163)	
Total Other Financing Uses			(61,163)	
Net Change in Fund Balance			545	
Fund Balance - Beginning of Year			(3,366)	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ (2,821)</u>	

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

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER THAN THE MD&A**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 BASIS OF ACCOUNTING**

The General Fund budgetary comparison schedules are prepared on the budgetary basis of accounting. See the reconciliation of the General Fund Statement of Revenues Expenditures and Changes in Fund Balances Budget to Actual to the Statement of Revenues, Expenditures, and Changes in Fund Balances below.

For external reporting purposes, the General Fund includes revenues, expenditures, other financing sources, and uses and fund balances of other internally maintained funds. The General Fund, however, is budgeted based on the internally maintained General Fund. The budget submitted to the Arizona Department of Education does not include nonmaintenance and nonoperational activity. Therefore the following reconciliation is necessary to reconcile the General Fund Budgetary Comparison Schedule to the Statement of Revenues, Expenditures, and Changes in Fund Balances.

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 16,415,060	\$ 15,788,592	\$ 61,163	\$ 18,346,980	\$ 19,034,611
Nonmaintenance and Operation Activity Included in General Fund	<u>(8,904,673)</u>	<u>(8,280,903)</u>	<u>391,085</u>	<u>(18,266,661)</u>	<u>(18,499,346)</u>
Budgetary Comparison Schedule - General Fund	<u>\$ 7,510,387</u>	<u>\$ 7,507,689</u>	<u>\$ 452,248</u>	<u>\$ 80,319</u>	<u>\$ 535,265</u>

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**Combining and Individual Fund  
Statements and Schedules**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **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.

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

*Other Special Revenue Funds* - accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activity fee tax credit, career & technology & vocational education program, fingerprinting, textbooks, joint technological education, and grants and gifts to teachers.

### **CAPITAL PROJECTS FUNDS**

*Deficiencies Correction Fund* - accounts for funds used to correct deficiencies in existing school facilities.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	Special Revenue			
	Classroom Site Fund	Instructional Improvement	Food Service	Other Special Revenue
<b>ASSETS</b>				
Cash and Investments	\$ 311,053	\$ 162,126	\$ 68,656	\$ 138,960
Receivables:				
Intergovernmental	<u>86,503</u>	<u>19,777</u>	<u>4,912</u>	<u>38,513</u>
Total Assets	<u>\$ 397,556</u>	<u>\$ 181,903</u>	<u>\$ 73,568</u>	<u>\$ 177,473</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 63,139	\$ 12,331
Accrued Wages and Benefits	<u>8,552</u>	<u>1,030</u>	<u>2,761</u>	<u>2,282</u>
Total Liabilities	<u>8,552</u>	<u>1,030</u>	<u>65,900</u>	<u>14,613</u>
<b>FUND BALANCES</b>				
Restricted	<u>389,004</u>	<u>180,873</u>	<u>7,668</u>	<u>162,860</u>
Total Fund Balances	<u>389,004</u>	<u>180,873</u>	<u>7,668</u>	<u>162,860</u>
Total Liabilities and Fund Balances	<u>\$ 397,556</u>	<u>\$ 181,903</u>	<u>\$ 73,568</u>	<u>\$ 177,473</u>

<u>Total Special Revenue Funds</u>	<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Deficiencies Corrections</u>	<u>Total Capital Projects Funds</u>	
\$ 680,795	\$ 23,325	\$ 23,325	\$ 704,120
149,705	114	114	149,819
<u>\$ 830,500</u>	<u>\$ 23,439</u>	<u>\$ 23,439</u>	<u>\$ 853,939</u>
\$ 75,470	\$ -	\$ -	\$ 75,470
14,625	-	-	14,625
<u>90,095</u>	<u>-</u>	<u>-</u>	<u>90,095</u>
740,405	23,439	23,439	763,844
<u>740,405</u>	<u>23,439</u>	<u>23,439</u>	<u>763,844</u>
<u>\$ 830,500</u>	<u>\$ 23,439</u>	<u>\$ 23,439</u>	<u>\$ 853,939</u>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	Special Revenue			
	Classroom Site Fund	Instructional Improvement	Food Service	Other Special Revenue
<b>REVENUES</b>				
Intergovernmental	\$ 519,020	\$ 42,516	\$ 784,077	\$ -
Food Service Sales	-	-	10,285	-
Charges for Services	-	-	-	42,329
Contributions and Donations	-	-	-	31,990
Investment Earnings	-	3,228	-	3,491
Other	-	-	1,813	52,690
Total Revenues	519,020	45,744	796,175	130,500
<b>EXPENDITURES</b>				
Current				
Instruction	445,583	38,651	-	32,624
Support Services:				
Students	-	-	-	8,026
Instructional Staff	-	-	-	1,538
General Administration	-	-	-	5,360
Services	-	-	-	3,807
Plant	-	-	-	40,873
Student Transportation	-	-	-	-
Services	-	-	818,528	-
Capital Outlay				
Facilities Acquisition	-	-	-	12,726
Total Expenditures	445,583	38,651	818,528	104,954
Excess (Deficiency) of Revenues Over Expenditures	73,437	7,093	(22,353)	25,546
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	73,437	7,093	(22,353)	25,546
Fund Balance - Beginning of Year	315,567	173,780	30,021	137,314
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 389,004</b>	<b>\$ 180,873</b>	<b>\$ 7,668</b>	<b>\$ 162,860</b>

Total Special Revenue Funds	Capital Projects		Total Nonmajor Governmental Funds
	Deficiencies Corrections	Total Capital Projects Funds	
\$ 1,345,613	\$ -	\$ -	\$ 1,345,613
10,285	-	-	10,285
42,329	-	-	42,329
31,990	-	-	31,990
6,719	420	420	7,139
54,503	-	-	54,503
1,491,439	420	420	1,491,859
516,858	-	-	516,858
8,026	-	-	8,026
1,538	-	-	1,538
5,360	-	-	5,360
3,807	-	-	3,807
40,873	-	-	40,873
-	-	-	-
818,528	-	-	818,528
12,726	-	-	12,726
1,407,716	-	-	1,407,716
83,723	420	420	84,143
-	-	-	-
-	-	-	-
-	-	-	-
83,723	420	420	84,143
656,682	23,019	23,019	679,701
\$ 740,405	\$ 23,439	\$ 23,439	\$ 763,844

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**CLASSROOM SITE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental			\$ 519,020	
Investment Earnings			-	
Other			-	
Total Revenues			519,020	
<b>EXPENDITURES</b>				
Current:				
Instruction	\$ 804,855	\$ 804,855	445,583	\$ 359,272
Support Services:				
Students	-	-	-	-
Instructional Staff	-	-	-	-
Total Expenditures	\$ 804,855	\$ 804,855	445,583	\$ 359,272
Excess of Revenues Over Expenditures			73,437	
Net Change in Fund Balance			73,437	
Fund Balance - Beginning of Year			315,567	
<b>FUND BALANCE - END OF YEAR</b>			\$ 389,004	



**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
INSTRUCTIONAL IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental			\$ 42,516	
Investment Earnings			3,228	
Total Revenues			<u>45,744</u>	
<b>EXPENDITURES</b>				
Current:				
Instruction	\$ 190,000	\$ 190,000	38,651	\$ 151,349
Total Expenditures	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>38,651</u>	<u>\$ 151,349</u>
Excess of Revenues Over Expenditures			<u>7,093</u>	
Net Change in Fund Balance			7,093	
Fund Balance - Beginning of Year			<u>173,780</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 180,873</u>	

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental			\$ 784,077	
Food Service Sales			10,285	
Other			1,813	
Total Revenues			796,175	
<b>EXPENDITURES</b>				
Operations and Maintenance of Plant	\$ -	\$ -	-	\$ -
Operation of Noninstructional Services	800,000	800,000	818,528	(18,528)
Total Expenditures	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>818,528</u>	<u>\$ (18,528)</u>
Deficiency of Revenued Over Expenditures			<u>(22,353)</u>	
Net Change in Fund Balance			(22,353)	
Fund Balance - Beginning of Year			<u>30,021</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 7,668</u></u>	

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40  
OTHER SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 20199}**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Contributions and Donations			\$ 31,990	
Rental			42,329	
Investment Earnings			3,491	
Other			52,690	
Total Revenues			<u>130,500</u>	
<b>EXPENDITURES</b>				
Current:				
Instruction	\$ 141,200	\$ 141,200	32,624	\$ 108,576
Support Services:				
Students	100,000	100,000	8,026	91,974
Instructional Staff	-	-	1,538	(1,538)
General Administration	550,000	550,000	5,360	544,640
Business and Other Support Services	-	-	3,807	(3,807)
Operations and Maintenance of Plant	260,000	260,000	40,873	219,127
Student Transportation	-	-	-	-
Operation of Noninstructional Services	250,000	250,000	-	250,000
Facilities Acquisition	260,000	260,000	12,726	247,274
Total Expenditures	<u>\$ 1,561,200</u>	<u>\$ 1,561,200</u>	<u>104,954</u>	<u>\$ 1,456,246</u>
Excess of Revenues Over Expenditures			25,546	
Net Change in Fund Balance			25,546	
Fund Balance - Beginning of Year			<u>137,314</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 162,860</u>	

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**DEFICIENCIES CORRECTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings			\$ 420	
Total Revenues			420	
<b>EXPENDITURES</b>				
Facilities Acquisition	\$ 25,000	\$ 25,000	-	\$ 25,000
Total Expenditures	25,000	25,000	-	25,000
Excess (Deficiency) of Revenues Over Expenditures			420	
Net Change in Fund Balance			420	
Fund Balance - Beginning of Year			23,019	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 23,439</b>	

## **AGENCY FUNDS**

*Employee Insurance Fund* - accounts for monies held to pay insurance premiums of the District and District employees.

*Student Activities Fund* - accounts for monies raised by students to finance student clubs and organizations but held by the District as an agency.

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**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2019**

	Employee Insurance Fund	Student Activities Fund	Total
<b>Assets</b>			
Cash and Investments	\$ 152,692	\$ 36,171	\$ 188,863
Receivables	4,524	-	4,524
Total Current Assets	<u>\$ 157,216</u>	<u>\$ 36,171</u>	<u>\$ 193,387</u>
<b>Liabilities</b>			
Accounts Payable	\$ 157,216	\$ -	\$ 157,216
Due to Student Groups	-	36,171	36,171
Total Current Liabilities	<u>\$ 157,216</u>	<u>\$ 36,171</u>	<u>\$ 193,387</u>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Employee Insurance Fund</b>				
Assets:				
Cash and Investments	\$ 130,352	\$ 22,340	\$ -	\$ 152,692
Receivables	11,920	-	(7,396)	4,524
Total Assets	<u>\$ 142,272</u>	<u>\$ 22,340</u>	<u>\$ (7,396)</u>	<u>\$ 157,216</u>
Liabilities:				
Accounts Payable	<u>\$ 142,272</u>	<u>\$ 14,944</u>	<u>\$ -</u>	<u>\$ 157,216</u>
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Student Activities Fund</b>				
Assets:				
Cash and Investments	<u>\$ 28,181</u>	<u>\$ 55,844</u>	<u>\$ (47,854)</u>	<u>\$ 36,171</u>
Liabilities:				
Due to Student Groups	<u>\$ 28,181</u>	<u>\$ 55,844</u>	<u>\$ (47,854)</u>	<u>\$ 36,171</u>



## STATISTICAL SECTION

This section of the Baboquivari Unified School District No. 40's comprehensive annual 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 District's overall financial health.

### **Financial Trends**

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

### **Revenue Capacity**

*These schedules contain information to help the reader assess the factors affecting the District's ability to generate property taxes. The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents are not assessed and do not pay property taxes.*

### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District'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 District's financial activities take place.*

### **Operating Information**

*These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.*

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities:				
Net Investment in Capital Assets	\$ 26,860,117	\$ 25,467,592	\$ 26,008,943	\$ 25,959,736
Restricted	6,227,769	4,300,801	2,484,042	2,466,633
Unrestricted	5,747,467	7,788,326	7,819,608	7,621,168
Total Governmental Activities				
Net Position	\$ 38,835,353	\$ 37,556,719	\$ 36,312,593	\$ 36,047,537

Source: District's Business and Finance Department.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 27,365,141	\$ 27,528,575	\$ 26,030,089	\$ 25,485,452	\$ 23,992,470	\$ 25,584,640
1,276,464	935,048	467,004	595,576	679,701	763,844
8,879,792	(4,191,833)	(2,320,292)	1,320,031	3,532,136	5,277,873
<u>\$ 37,521,397</u>	<u>\$ 24,271,790</u>	<u>\$ 24,176,801</u>	<u>\$ 27,401,059</u>	<u>\$ 28,204,307</u>	<u>\$ 31,626,357</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>EXPENSES</b>				
Governmental Activities:				
Instruction	\$ 6,542,312	\$ 7,658,906	\$ 7,490,299	\$ 6,896,798
Support Services:				
Students and Staff	2,329,875	2,067,620	2,679,449	2,351,761
Administration	1,258,990	1,600,426	1,875,411	2,181,417
Operation and Maintenance of Plant	2,432,287	3,477,267	2,400,082	2,278,181
Student Transportation	1,238,292	1,226,071	1,540,465	1,752,455
Operation of Noninstructional Services	411,948	474,719	623,195	658,371
Interest on Long-Term Debt	321,161	264,336	91,430	78,025
Total Governmental Activities	<u>14,534,865</u>	<u>16,769,345</u>	<u>16,700,331</u>	<u>16,197,008</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
Instruction	104,000	-	411,761	359,222
Students and Staff	-	-	-	-
Administration	-	-	-	-
Operation and Maintenance of Plant	-	-	60,000	60,000
Student Transportation	-	-	-	-
Operation of Noninstructional Services	40,409	40,206	43,120	46,180
Operating Grants and Contributions	4,131,338	4,630,312	4,132,799	3,962,411
Capital Grants and Contributions	-	-	2,000	81,622
Total Governmental Activities	<u>4,275,747</u>	<u>4,670,518</u>	<u>4,649,680</u>	<u>4,509,435</u>
<b>NET (EXPENSE) REVENUE</b>				
Governmental Activities	(10,259,118)	(12,098,827)	(12,050,651)	(11,687,573)
<b>CHANGES IN NET POSITION</b>				
Governmental Activities:				
Property Taxes	-	-	-	20,722
Unrestricted Grants and Contributions	9,916,801	10,752,516	10,762,618	11,339,576
Investment Earnings	151,072	52,493	43,907	62,219
Other	320,353	242,720	-	-
Total Governmental Activities	<u>10,388,226</u>	<u>11,047,729</u>	<u>10,806,525</u>	<u>11,422,517</u>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	<u>\$ 129,108</u>	<u>\$ (1,051,098)</u>	<u>\$ (1,244,126)</u>	<u>\$ (265,056)</u>

Source: District's Business and Finance Department.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST 10 FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 7,885,742	\$ 8,468,350	\$ 8,388,012	\$ 7,989,806	\$ 7,557,775	\$ 8,257,719
2,420,507	2,682,160	2,656,819	2,665,163	2,615,874	2,280,438
2,420,565	2,751,653	3,089,568	2,924,028	2,782,592	2,773,107
2,571,290	2,409,232	2,270,860	2,456,131	2,556,740	2,683,631
1,562,775	1,592,734	1,655,056	1,437,183	1,348,614	1,401,415
751,493	737,376	767,655	779,893	958,988	931,008
63,920	-	-	-	-	-
17,676,292	18,641,505	18,827,970	18,252,204	17,820,583	18,327,318
273,873	36,914	102,503	82,712	71,079	82,066
-	-	3,009	9,242	10,379	5,720
-	-	7,442	5,891	7,696	6,942
30,456	43,927	14,469	18,673	22,990	18,248
-	-	5,822	2,158	2,430	2,970
44,740	24,364	84,166	99,462	106,976	97,018
4,575,029	4,967,756	5,198,275	4,417,898	4,004,225	3,948,894
2,108,468	869,321	-	-	-	-
7,032,566	5,942,282	5,415,686	4,636,036	4,225,775	4,161,858
(10,643,726)	(12,699,223)	(13,412,284)	(13,616,168)	(13,594,808)	(14,165,460)
836	-	-	-	-	-
12,109,263	13,619,908	13,183,524	15,757,084	14,130,224	15,889,358
7,487	2,570	54,292	98,354	157,966	338,991
-	-	79,479	90,489	107,405	119,113
12,117,586	13,622,478	13,317,295	15,945,927	14,395,595	16,347,462
\$ 1,473,860	\$ 923,255	\$ (94,989)	\$ 2,329,759	\$ 800,787	\$ 2,182,002

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST 10 FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund:					
Unreserved	\$ 6,285,142	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	11,620	-	-	-
Unassigned	-	9,067,746	8,123,108	7,839,402	7,990,560
Total General Fund	<u>\$ 6,285,142</u>	<u>\$ 9,079,366</u>	<u>\$ 8,123,108</u>	<u>\$ 7,839,402</u>	<u>\$ 7,990,560</u>
All Other Governmental Funds:					
Reserved	\$ 21,020	\$ -	\$ -	\$ -	\$ -
Unreserved	4,551,477	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	979,505	-	-	-	-
Capital Projects Funds	2,276,912	-	-	-	-
Restricted	-	4,487,268	2,361,948	2,466,633	1,276,464
Nonspendable	-	41,069	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 7,828,914</u>	<u>\$ 4,528,337</u>	<u>\$ 2,361,948</u>	<u>\$ 2,466,633</u>	<u>\$ 1,276,464</u>

Source: District's Business and Finance Department.

Note: Due to implementation of GASB 54 in FY 2010 categories regarding fund balances have been redefined. See Note 1, page 30 for details.

Fiscal Year				
2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
10,075,459	12,272,929	16,354,275	18,346,980	19,034,611
<u>\$ 10,075,459</u>	<u>\$ 12,272,929</u>	<u>\$ 16,354,275</u>	<u>\$ 18,346,980</u>	<u>\$ 19,034,611</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
935,048	467,004	646,756	679,701	763,844
-	-	-	-	-
-	(65,555)	-	(3,366)	(2,821)
<u>\$ 935,048</u>	<u>\$ 401,449</u>	<u>\$ 646,756</u>	<u>\$ 676,335</u>	<u>\$ 761,023</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ 20,722
Intergovernmental:				
Federal Aid and Grants	9,563,579	10,156,911	9,477,355	9,471,354
State Aid and Grants	4,122,602	4,842,878	4,952,145	5,228,767
County Aid and Grants	337,704	406,252	467,917	601,866
Tuition	-	-	-	-
Food Service Sales	40,409	40,206	-	-
Auxiliary Operations	-	-	-	-
Charges for Services	-	-	-	-
Contributions and Donations	1,041	-	-	-
Investment Earnings	151,072	52,493	43,907	62,219
Other	424,353	242,720	392,787	669,118
Total Revenues	<u>14,640,760</u>	<u>15,741,460</u>	<u>15,334,111</u>	<u>16,054,046</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	5,594,255	6,299,542	6,056,601	5,467,145
Support Services:				
Students and Staff	2,322,885	2,055,913	2,631,844	2,357,900
Administration	1,215,197	1,520,424	1,801,457	2,092,734
Operation and Maintenance of Plant	2,323,151	2,616,903	2,302,504	2,186,939
Student Transportation	1,034,273	1,307,238	1,307,937	1,489,865
Other	-	-	-	-
Operation of Noninstructional Services	423,080	515,050	567,757	627,707
Capital Outlay:				
Facilities Acquisition/Construction	260,387	498,456	1,174,579	1,627,752
Debt Service:				
Principal	1,387,253	1,190,000	295,000	305,000
Interest and Fiscal Charges	321,161	264,336	91,430	78,025
Total Expenditures	<u>14,881,642</u>	<u>16,267,862</u>	<u>16,229,109</u>	<u>16,233,067</u>
Excess of Revenues Over (Under)				
Expenditures	(240,882)	(526,402)	(894,998)	(179,021)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Capital Leases	-	-	-	-
Transfers In	3,500,000	1,601,145	252,679	376,474
Transfers out	(3,500,000)	(1,601,145)	(252,679)	(376,474)
Total Other Financing				
Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (240,882)</u>	<u>\$ (526,402)</u>	<u>\$ (894,998)</u>	<u>\$ (179,021)</u>
Debt Service as a Percentage of	11.80%	9.58%	2.53%	2.54%
Noncapital Expenditures				

Source: District's Business and Finance Department.



Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 836	\$ -	\$ -	\$ -	\$ -	\$ -
10,079,877	11,931,883	11,954,791	12,191,533	11,127,197	12,330,835
5,904,554	5,905,403	5,697,296	7,228,038	6,247,880	6,762,508
699,861	750,378	729,712	755,411	759,372	744,909
-	-	3,700	-	1,875	-
-	-	13,788	16,538	10,041	10,285
-	-	10,249	12,650	22,304	22,661
-	-	148,750	149,295	149,582	148,028
-	-	40,924	39,655	37,748	31,990
7,487	2,570	55,060	98,354	157,966	338,991
2,457,537	1,003,063	78,711	90,489	107,405	120,050
19,150,152	19,593,297	18,732,981	20,581,963	18,621,370	20,510,257
6,370,113	6,998,318	7,162,536	6,692,198	6,723,208	8,010,895
2,352,430	2,590,814	2,619,076	2,591,895	2,674,514	2,444,216
2,345,695	2,381,442	2,772,845	2,626,524	2,495,313	2,674,179
2,490,789	2,255,819	2,197,677	2,415,380	2,454,310	2,720,046
1,269,190	1,277,345	1,427,261	1,173,962	1,309,512	1,929,402
-	-	798,479	-	-	-
718,660	714,573	24,468	743,916	839,762	878,507
3,218,366	1,631,503	66,769	11,435	102,467	1,080,693
1,360,000	-	-	-	-	-
63,920	-	-	-	-	-
20,189,163	17,849,814	17,069,111	16,255,310	16,599,086	19,737,938
(1,039,011)	1,743,483	1,663,870	4,326,653	2,022,284	772,319
-	-	-	-	-	-
334,482	224,058	423,869	66,802	157,626	61,163
(334,482)	(224,058)	(423,869)	(66,802)	(157,626)	(61,163)
-	-	-	-	-	-
\$ (1,039,011)	\$ 1,743,483	\$ 1,663,870	\$ 4,326,653	\$ 2,022,284	\$ 772,319
8.17%	0.00%	0.00%	0.00%	0.00%	0.00%

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

<u>Fiscal Year</u>	<u>Net Secondary Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>
2010	\$ 1,171,338	n/a	Note
2011	1,040,241	n/a	Note
2012	1,059,972	n/a	Note
2013	1,100,528	n/a	Note
2014	1,081,447	n/a	Note
2015	1,055,198	n/a	Note
2016	2,107,813 *	n/a	Note
2017	1,803,581 *	n/a	Note
2018	1,907,870 *	n/a	Note
2019	1,993,110 *	n/a	Note

\* *Net taxable value.*

n/a: The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents are not assessed and do not pay property taxes.

Note: Information was not available.

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.

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

Tax Year	District Direct Rates			Overlapping Rates				
	Primary Purposes	Secondary Purposes	Total	County	County Free Library	Flood Control District	Community College District	City of Sells
2010	n/a	n/a	n/a	4.06	0.31	0.26	1.08	n/a
2011	n/a	n/a	n/a	4.20	0.35	0.26	1.11	n/a
2012	n/a	n/a	n/a	4.20	0.35	0.26	1.17	n/a
2013	n/a	n/a	n/a	4.45	0.38	0.26	1.29	n/a
2014	n/a	n/a	n/a	4.98	0.44	0.30	1.33	n/a
2015	n/a	n/a	n/a	5.09	0.52	0.31	1.37	n/a
2016	n/a	n/a	n/a	4.99	0.51	0.33	1.37	n/a
2017	n/a	n/a	n/a	4.99	0.52	0.33	1.37	n/a
2018	n/a	n/a	n/a	4.76	0.52	0.34	1.40	n/a
2019	n/a	n/a	n/a	4.69	0.54	0.33	1.38	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**  
**JUNE 30, 2019 AND 2010**  
**(UNAUDITED)**

Taxpayer	2019			2010		
	Net Secondary Assessed Value	Rank	Percentage of Total Assessed Value	Net Secondary Assessed Value	Rank	Percentage of Total Assessed Value
Unisource Energy Co.	\$ 217,567,000	1	2.3%	\$ 164,363,000	1	1.8%
Southwest Gas Corporation	92,375,000	2	1.0	65,879,000	3	0.7
Phelps Dodge Corporation	71,722,000	3	0.7	89,289,000	2	1.0
ASARCO, LLC	36,335,000	4	0.4	28,878,000	5	0.3
QWEST Corporation	35,335,000	5	0.4	55,076,000	4	0.7
Northwest Hospital, LLC	33,047,000	6	0.3	17,097,000	8	0.2
Suerrita Gas Pipeline LLC	28,751,000	7	0.3			
SMSJ Tucson Holdings, LLC	25,005,000	8	0.3			
DND Neffson Co. (Tucson Mall)	23,150,000	9	0.2	18,888,000	10	0.2
Wal-Mart Stores, Inc.	23,020,000	10	0.2			
Trico Electric Co-Op Inc.				21,208,000	6	0.3
Starr Pass Resort Development LLC				16,582,000	10	0.2
Arizona Portland Cement				16,635,000	9	0.2
Totals	<u>\$ 586,307,000</u>		6.1%	<u>\$ 493,895,000</u>		5.6%

Source: The Pima County Assessor's records.

Note: The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents do not pay property taxes. Information presented above represents Pima County as the District is located fully within the County.

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

Fiscal Year	Total Tax Levy	Current Collections		Delinquent Tax Collections	Total Collections	Collections as a Percentage of the Levy	Outstanding Tax Collections	Outstanding Collections as a Percentage of Levy
		Current Tax Collections	Percent of Current Taxes Collected					
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2015	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
2017	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
2019	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**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Governmental Activities				
Fiscal Year	General Obligation Bonds	Impact Aid Revenue Bonds	Capital Leases	Total District
2010	\$ -	\$ 5,095,000	\$ -	\$ 5,095,000
2011	-	3,905,000	-	3,905,000
2012	-	1,960,000	-	1,960,000
2013	-	1,665,000	-	1,665,000
2014	-	1,360,000	-	1,360,000
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-

Source: The District's Business and Finance Department.

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

Debt Per Capita	Percentage of Personal Income	County Population
\$ 5	0.015%	960,263
4	0.011%	986,081
2	0.006%	989,569
2	0.005%	992,394
1	0.004%	1,007,162
-	0.000%	1,009,371
-	0.000%	1,016,206
-	0.000%	1,025,044
-	0.000%	1,033,781
-	0.000%	1,042,475

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes</b>			
n/a	-	-	\$ -
Subtotal, Overlapping Debt			-
Baboquivari Unified School District No. 40			-
Total Direct and Overlapping Debt			\$ -

n/a: The District is located entirely on the Tohono O'odham Nation Reservation, therefore, the residents do not pay property taxes. In addition, the District does not have debt in the current year.



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

	Fiscal Year			
	2010	2011	2012	2013
Total Legal Debt Margin				
Debt Limit	\$ 351,401	\$ 312,072	\$ 317,992	\$ 330,158
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 351,401</u>	<u>\$ 312,072</u>	<u>\$ 317,992</u>	<u>\$ 330,158</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	-%	-%	-%	-%

Source: The District's Business and Finance Department.

The District is located entirely on the Tohono O'odham Nation Reservation. As a result, the residents do not pay property taxes and the District is unable to levy for general obligation debt.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 324,434	\$ 316,559	\$ 632,344	\$ 541,074	\$ 572,361	\$ 597,933
-	-	-	-	-	-
\$ 324,434	\$ 316,559	\$ 632,344	\$ 541,074	\$ 572,361	\$ 597,933
-%	-%	-%	-%	-%	-%

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Net Secondary Assessed Value	\$ 1,993,110
<hr/>	
Legal Debt Margin:	
Debt Limitation - 30% of Assessed Value	\$ 597,933
Total Amount of Debt Applicable to Debt Limit	<hr/> -
Total Legal Debt Margin	<hr/> \$ 597,933

Source: The District's Business and Finance Department.

State statutes limit the total amount of bonded debt for a unified school district to 30% of the net secondary assessed valuation of the District.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Pledged Revenues (1)	Impact Aid Revenue Bonds			Coverage
		Impact Aid Revenue Bonds	Debt Service Principal	Debt Service Interest	
2010	n/a	\$ 5,095,000	\$ 1,140,000	\$ 280,555	n/a
2011	n/a	3,905,000	1,190,000	232,105	n/a
2012	n/a	1,960,000	1,245,000	179,745	n/a
2013	n/a	1,665,000	1,300,000	123,720	n/a
2014	n/a	1,360,000	1,360,000	63,920	n/a

Source: The District's Business and Finance Department.

(1): Less specified operating expenses

n/a: Information not available.

Note: The Impact Aid bonds were paid off in fiscal year 2014; therefore, information for 2015 - 2019 is not presented and only six years of data is presented.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**  
**(UNAUDITED)**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010	960,263	\$ 34,516,424	\$ 34,534	9.4%
2011	986,081	34,360,759	35,628	8.5
2012	989,569	34,596,360	36,767	7.4
2013	992,394	36,058,871	37,082	7.0
2014	1,007,162	36,935,363	37,755	6.4
2015	1,009,371	37,198,714	38,261	5.6
2016	1,016,206	40,359,300	39,695	5.0
2017	1,025,044	41,349,550	40,339	4.6
2018	1,033,781	43,223,000	41,811	4.3
2019	1,042,475	46,497,700	44,603	4.7

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**  
**JUNE 30, 2019 AND 2010**  
**(UNAUDITED)**

Employer	2019		2010	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
n/a	-	-	-	-
	-	-	-	-

n/a: Information not available.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Function	Full-Time Equivalent Employees									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Supervisory	-	-	-	-	-	-	-	-	-	-
Instruction	110	112	112	110	119	117	119	113	108	111
Student Services	25	22	23	26	23	26	31	31	33	30
Support and Administration	85	74	95	87	86	91	95	87	81	82
Total	<u>220</u>	<u>208</u>	<u>230</u>	<u>223</u>	<u>228</u>	<u>234</u>	<u>245</u>	<u>231</u>	<u>222</u>	<u>223</u>

Source: The District's Business and Finance Department.



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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Total Expenditures</u>
2010	1,138	\$ 12,668,909	\$ 11,133	22.67%	\$ 14,534,865
2011	1,211	14,233,759	11,754	5.58	16,769,345
2012	1,193	15,358,020	12,873	9.53	16,700,331
2013	1,157	14,639,410	12,653	(1.71)	16,197,008
2014	1,157	13,487,817	11,658	(7.87)	17,676,292
2015	1,257	18,103,591	14,402	23.54	18,641,505
2016	1,166	18,435,928	15,811	9.78	18,827,970
2017	1,092	17,898,392	16,390	3.66	18,252,204
2018	1,173	17,603,636	15,007	(8.44)	17,820,583
2019	1,143	16,191,695	14,166	(5.61)	18,327,318

Source: The District's Business and Finance Department.

(1) Total expenditures less debt service and capital outlay.

Cost Per Pupil		Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
\$	12,772	11.24%	93	12.2	68%
	13,848	8.42	91	13.3	55%
	13,999	1.09	92	13.0	67%
	13,999	0.00	88	13.1	73%
	15,278	9.13	92	12.6	74%
	14,830	(2.93)	88	14.3	71%
	16,147	8.88	88	13.3	70%
	16,714	3.51	82	13.3	89%
	15,192	(9.11)	82	14.3	100%
	16,034	5.54	85	13.4	100%

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

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>District Average Salary</u>	<u>Statewide Average Salary</u>
2010	\$ 25,301	\$ 72,650	\$ 41,552	\$ - *
2011	26,121	79,137	47,656	- *
2012	27,627	78,917	48,550	- *
2013	28,871	72,256	51,721	- *
2014	31,476	74,858	53,549	- *
2015	29,327	81,171	58,677	- *
2016	31,402	83,494	59,523	- *
2017	30,063	81,727	59,090	- *
2018	46,867	71,400	55,769	- *
2019	34,670	72,600	54,175	- *

Source: The District's Business and Finance Department.

Note: Amounts do not include additional salary for performance programs such as career ladder, nor fringe benefits such as pension, health insurance, or disability.

\* Information was not available.

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

<b>Schools</b>	Fiscal Year				
	2009	2010	2011	2012	2013
Elementary					
Buildings	12	12	10	10	10
Square Feet	628,454	628,454	545,898	545,898	545,898
Capacity	500	500	500	500	500
Enrollment	506	480	484	558	599
Intermediate					
Buildings	7	7	7	7	7
Square Feet	64,947	64,947	64,947	64,947	64,947
Capacity	800	800	800	800	800
Enrollment	Note	Note	Note	Note	Note
Middle					
Buildings	6	6	6	6	6
Square Feet	21,880	21,880	21,880	21,880	21,880
Capacity	600	600	600	600	600
Enrollment	211	235	224	204	215
High					
Buildings	19	19	19	19	19
Square Feet	132,272	132,272	132,272	132,272	132,272
Capacity	600	600	600	600	600
Enrollment	225	217	189	196	198
Alternative MS/HS					
Buildings	2	2	2	2	2
Square Feet	7,200	7,200	7,200	7,200	7,200
Capacity	60	60	60	60	60
Enrollment	-	38	94	54	70
Administrative					
Buildings	1	1	1	1	1
Square Feet	5,525	5,525	5,525	5,525	5,525
Transportation					
Garages	1	1	1	1	1
Buses	18	18	21	23	26
Athletics					
Football fields	2	2	2	2	2
Running Tracks	1	1	1	1	1
Baseball/softball Fields	4	4	4	4	4
Playgrounds	4	4	4	4	4

Source: The District's Business and Finance Department.

Note: Enrollment was moved between the Middle School and the Intermediate School for this time period. Therefore, there was no enrollment during this time at the Intermediate School.

Fiscal Year				
2014	2015	2016	2017	2019
10	10	10	10	10
545,898	545,898	545,898	545,898	545,898
500	500	500	500	500
609	690	467	457	448
7	7	7	7	7
64,947	64,947	64,947	64,947	64,947
800	800	800	800	800
Note	Note	467	248	252
6	6	6	6	6
21,880	21,880	21,880	21,880	21,880
600	600	600	600	600
208	135	136	156	133
19	19	19	19	19
132,272	132,272	132,272	132,272	132,272
600	600	600	600	600
153	212	164	241	239
2	2	2	2	2
7,200	7,200	7,200	7,200	7,200
60	60	60	60	60
63	45	47	71	71
1	1	1	1	1
5,525	5,525	5,525	5,525	5,525
1	1	1	1	1
23	23	21	19	25
2	2	2	2	2
1	1	1	1	1
4	4	4	4	4
4	4	4	4	4