

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF
BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
FOR THE
FISCAL YEAR ENDED JUNE 30, 2020**

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

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www.busd40.org

January 29, 2021

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

State law mandates that school districts are required to undergo an annual single audit and publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the state of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Baboquivari Unified School District No. 40 for the fiscal year ended June 30, 2020.

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 (CLA), 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, 2020, 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, 2020, 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.

Citizens and Governing Board
Baboquivari Unified School District No. 40

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

The Baboquivari Unified School District No. 40 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 12; 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 excellent 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 81% in 2020. Our attendance rate for the district has risen from 68% in 2012 to 89% in 2020. 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 celebrated 100 years of existence in 2019 and we are proud to be part of a historical opportunity to serve our children.

We ended our 2019-2020 school year with COVID-19 forcing our schools to close for the final quarter of the year. We were fortunate enough to have all the technology to support students with devices as well as technology to support teachers with devices, document cameras, and other assistive technology. While we had the technology, we did not have the connectivity infrastructure through our sole source vendor on the Nation. This caused many challenges for our families as they could not afford the service or simply could not receive the service for many reasons. We were forced to create paper packets for many students and that caused further challenges in having families pick up and drop off work. We did not complete any post testing as we could not bring students into our schools. We were able to continue feeding our students with the support of our food service vendor and our transportation department, who helped deliver meals and both continue to do so.

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 four times a year. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by fund for all Governmental Funds and includes function and object code 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 FY2020-2021 is equal to the current year enrollment. There are some buildings 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 are being 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 38 years old and the newest building is 28 years old. The Baboquivari Middle/High School facility is the newest facility, the oldest building is 27 years old and the newest building is 15 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, 2020 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, 2018 and 2019. Fiscal year 2017 was the first year the District has received this prestigious award in recent years. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017, 2018, and 2019. 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, 2020 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.

Citizens and Governing Board
Baboquivari Unified School District No. 40

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 cursive script that reads "Edna Morris". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Dr. Edna Morris
Superintendent

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2020**

GOVERNING BOARD

Juan C Buendia
President

Anna Marie Stevens
Clerk

Ella Mae Greasewood
Member

Sylvia Hendricks
Member

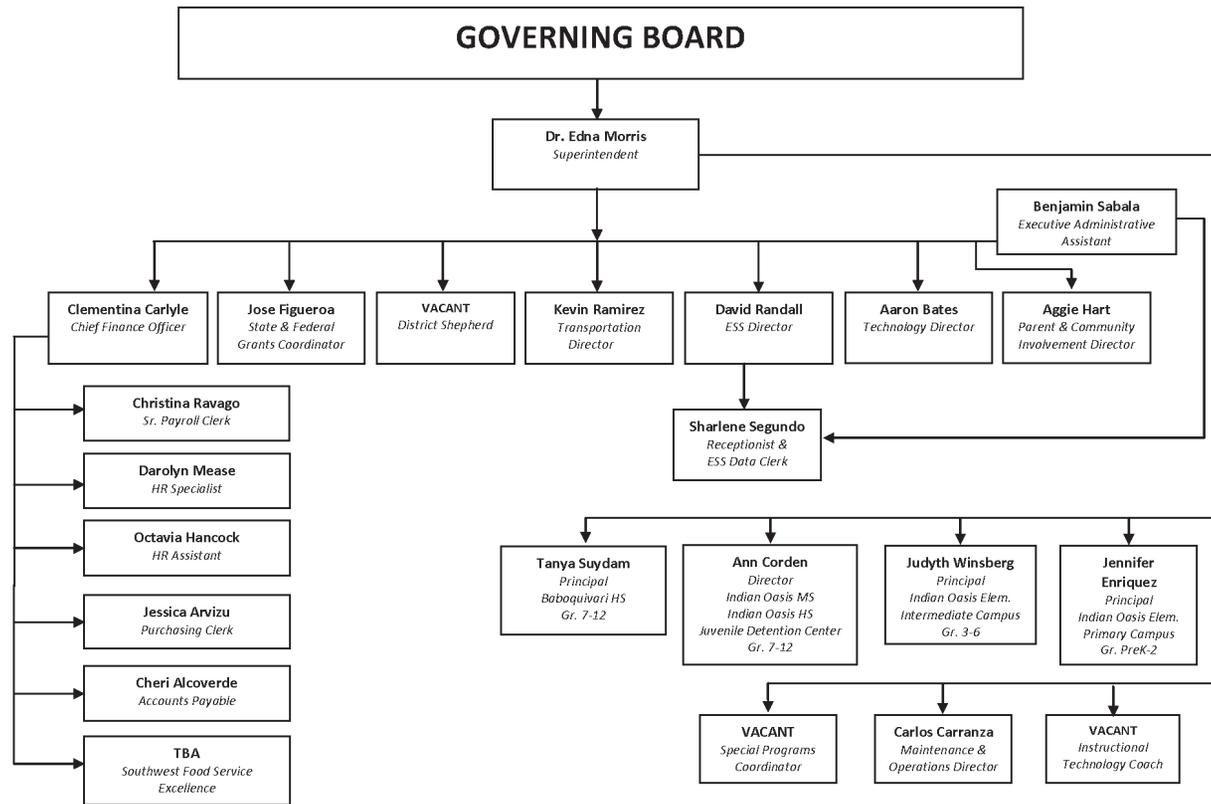
Kathleen Vance
Member

ADMINISTRATIVE STAFF

Dr. Edna Morris
Superintendent

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
ORGANIZATIONAL CHART
JUNE 30, 2020**

**BABOQUIVARI UNIFIED SCHOOL DISTRICT
ORGANIZATIONAL CHART 2019-2020**





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, 2019.**

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



Claire Hertz, SFO
President

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Baboquivari Unified School District No. 40
Arizona

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2020, 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, 2020, 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.

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 January 29, 2021, 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.



CliftonLarsonAllen LLP

Tucson, Arizona
January 29, 2021

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**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

As management of the Baboquivari Unified School District No. 40 (the 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, 2020. 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 \$32,739,003 (net position).
- ◆ The District's net position increased by \$1,112,646.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$16,344,469, a decrease of \$3,451,165 in comparison with the prior year.
- ◆ At the end of year, unassigned fund balance for the General Fund was \$15,668,056.

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).

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, and operation of noninstructional services.

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

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020

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.

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 28 of this report.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

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 - 63 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 \$32,739,003 (net position) as of June 30, 2020.

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 \$2,290,505.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

A summary of changes in the District's Statement of Net Position for the fiscal years ended June 30, 2020 and 2019 is as follows:

	Governmental Activities		Percent Change
	2020	2019	
Current and Other Assets	\$ 19,400,430	\$ 21,083,391	(8.0)%
Capital Assets	29,772,085	25,584,640	16.4
Noncurrent Assets	25,892	33,903	(23.6)
Total Assets	49,198,407	46,701,934	5.3
Deferred Outflows of Resources	1,643,939	1,993,138	(17.5)
Current Liabilities	3,337,266	1,563,575	113.4
Noncurrent Liabilities	13,599,813	13,187,510	3.1
Total Liabilities	16,937,079	14,751,085	14.8
Deferred Inflows of Resources	1,166,264	2,317,630	(49.7)
Net Position:			
Net Investment in Capital Assets	29,772,085	25,584,640	16.4
Restricted	676,413	763,844	(11.4)
Unrestricted	2,290,505	5,277,873	(56.6)
Total Net Position	\$ 32,739,003	\$ 31,626,357	3.5

Capital assets increase 16.4%. The increase was due to ongoing capital improvement projects throughout the District. Current liabilities increased by 113.4%. This was due to the increased accounts payable related to the construction expenditures related to capital improvements. Restricted net position decreased 11.4% due to decreased 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 decreased 56.6% due to the use of funds in the capital improvement projects noted above.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

Overall, net position of the District increased \$1,112,646. Key elements of this increase are presented in the following Condensed Statement of Changes in Net Position for the fiscal years ended June 30, 2020 and 2019:

	Governmental Activities		Percent Change
	2020	2019	
REVENUES			
Program Revenues:			
Charges for Services	\$ 226,856	\$ 212,964	6.5 %
Operating Grants and Contributions	4,698,434	3,948,894	19.0
General Revenues:			
Grants and Contributions Not Restricted to Specific Programs:			
State Equalization and Additional State Aid	6,861,246	6,762,508	1.5
County Equalization	742,699	744,909	(0.3)
Federal Grants and Aid	8,356,664	8,381,941	(0.3)
Investment Earnings	318,751	338,991	(6.0)
Other	82,566	119,113	(30.7)
Total Revenues	<u>21,287,216</u>	<u>20,509,320</u>	3.8
EXPENSES			
Instruction	8,741,620	8,257,719	5.9
Support Services:			
Students and Instructional Staff	2,804,251	2,280,438	23.0
Administration	2,993,122	2,773,107	7.9
Operation and Maintenance of Plant	3,219,483	2,683,631	20.0
Student Transportation	1,500,862	1,401,415	7.1
Operation of Noninstructional Services	915,232	931,008	(1.7)
Total Expenses	<u>20,174,570</u>	<u>18,327,318</u>	10.1
Change in Net Position	1,112,646	2,182,002	(49.0)
Net Position - Beginning of Year, as Restated	31,626,357	29,444,355	7.4
Net Position - End of Year	<u>\$ 32,739,003</u>	<u>\$ 31,626,357</u>	3.5

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

Program revenues, which consist of charges for services and operating grants and contributions, increased from the prior year by \$763,432. Operating grants and contributions increased 19.0% due to an increase in revenue passed through from the federal government.

District expenses increased over the prior year by \$1,847,252. The District reported increases in instruction, students and instructional staff, administration, operation and maintenance of plant, and student transportation. The increases were due to the additional of staff and additional expenses related to maintenance of schools. The District reported a decrease in operation of noninstructional services by a total of \$15,776 largely due to a decrease in student auxiliary expenditures after school closures due to COVID-19.

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 \$16,344,469, a decrease of \$3,451,165 in comparison with the prior year. Of this amount \$15,668,056 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.

At fiscal year-end June 30, 2020 fund balances were as follows:

Fund	Balance	Increase (Decrease) from 2018-19
General Fund	\$ 15,668,056	\$ (3,366,555)
Special Projects Fund	70,030	72,851
Nonmajor Governmental Funds	606,383	(157,461)

The General Fund decrease in fund balance was due to increased expenditures related to capital projects.

The Special Projects Fund increased \$72,851 due to increased intergovernmental revenues.

The Nonmajor Governmental Funds decreased by \$157,461. The decrease was in large part due to a loss of Title II grant revenue and the related expenditures being paid out of the Classroom Site Fund, increasing the expenditures in this fund during the current year.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled \$132,500. 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 \$878,836 less than budget during the fiscal year. Actual expenditures were within 10.2% of budget. The District's regular education and special education instruction line items were both under budget.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$29,772,085 (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 16.4% from last year. Total depreciation expense for the year was \$1,679,102.

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 majority of the primary renovations were completed in fiscal year 2020. Renovations to the transportation department were started during fiscal year 2020 and are scheduled to be completed in fiscal year 2021.

Capital Assets (Net)
June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
Land Improvements	\$ 1,342,471	\$ 1,565,319
Construction of Progress	6,343,687	972,455
Buildings and Building Improvements	18,903,314	19,857,308
Furniture, Equipment, and Vehicles	3,182,613	3,189,558
Total Capital Assets, Net	\$ 29,772,085	\$ 25,584,640

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

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

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-2021 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
- COVID-19 pandemic related expenditures

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, 2020

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 16,268,879
Receivables, Net:	
Interest	47,709
Intergovernmental	3,083,842
Total Current Assets	<u>19,400,430</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	6,343,687
Depreciable, Net	23,428,398
Other Postemployment Benefits Asset	25,892
Total Noncurrent Assets	<u>29,797,977</u>
Total Assets	49,198,407
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Other Postemployment Benefits	134,196
Deferred Outflow Related to Pensions	1,509,743
Total Deferred Outflows of Resources	<u>1,643,939</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	2,450,734
Accrued Wages and Benefits	605,227
Compensated Absences Payable	281,305
Total Current Liabilities	<u>3,337,266</u>
Noncurrent Liabilities:	
Compensated Absences Payable, Long-Term	4,951
Net Pension Liability	13,534,037
Net Other Postemployment Benefits Liability	60,825
Total Noncurrent Liabilities	<u>13,599,813</u>
Total Liabilities	16,937,079
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Other Postemployment Benefits	66,578
Deferred Inflows Related to Pensions	1,099,686
Total Deferred Inflows of Resources	<u>1,166,264</u>
NET POSITION	
Net Investment in Capital Assets	29,772,085
Restricted for:	
Federal and State Grants	70,030
Classroom Site	191,142
Instructional Improvement	167,840
Noninstructional Services	158,749
Food Services	64,785
Capital Projects	23,867
Unrestricted	2,290,505
Total Net Position	<u>\$ 32,739,003</u>

See accompanying Notes to Basic Financial Statements.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Primary Government:	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 8,741,620	\$ 100,436	\$ 3,111,029	\$ (5,530,154)
Support Services:				
Students	1,505,697	4,351	488,250	(1,013,097)
Instructional Staff	1,298,554	1,938	592,138	(704,478)
General Administration	408,745	1,616	3,370	(403,759)
School Administration	1,151,484	2,852	33,480	(1,115,152)
Business and Other Support Services	1,432,893	3,625	129,309	(1,299,960)
Operation and Maintenance of Plant	3,219,483	17,706	91,459	(3,110,318)
Student Transportation	1,500,862	3,562	249,399	(1,247,900)
Operation of Noninstructional Services	915,232	90,770	-	(824,462)
Total	\$ 20,174,570	\$ 226,856	\$ 4,698,434	(15,249,280)
		General Revenues:		
		Grants and Contributions Not Restricted to		
		Specific Programs State Equalization		
				6,861,246
		County Equalization		
				742,699
		Federal Aid not Restricted		
				8,356,664
		Investment Earnings		
				318,751
		Other		
				82,566
		Total General Revenues		
				16,361,926
		Change in Net Position		
				1,112,646
		Net Position - Beginning of Year		
				31,626,357
		Net Position - End of Year		
				\$ 32,739,003

See accompanying Notes to Basic Financial Statements.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Projects	Nonmajor	Totals
ASSETS				
Cash and Investments	\$ 15,721,997	\$ -	\$ 546,882	\$ 16,268,879
Receivables:				
Accrued Interest	47,709	-	-	47,709
Intergovernmental	1,893,839	1,047,230	142,773	3,083,842
Due from Other Funds	697,164	-	-	697,164
Total Assets	<u>\$ 18,360,709</u>	<u>\$ 1,047,230</u>	<u>\$ 689,655</u>	<u>\$ 20,097,594</u>
LIABILITIES				
Accounts Payable	\$ 2,287,465	\$ 115,311	\$ 47,958	\$ 2,450,734
Accrued Wages and Benefits	405,188	164,725	35,314	605,227
Due to Other Funds	-	697,164	-	697,164
Total Liabilities	<u>2,692,653</u>	<u>977,200</u>	<u>83,272</u>	<u>3,753,125</u>
FUND BALANCES				
Restricted	-	70,030	606,383	676,413
Unassigned	15,668,056	-	-	15,668,056
Total Fund Balances	<u>15,668,056</u>	<u>70,030</u>	<u>606,383</u>	<u>16,344,469</u>
Total Liabilities and Fund Balances	<u>\$ 18,360,709</u>	<u>\$ 1,047,230</u>	<u>\$ 689,655</u>	<u>\$ 20,097,594</u>

See accompanying Notes to 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, 2020**

Total Fund Balances for Governmental Funds		\$ 16,344,469
<p>Total net position reported for governmental activities in the statement of net position is different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:</p>		
Governmental Capital Assets	\$ 61,433,044	
Less: Accumulated Depreciation	<u>(31,660,959)</u>	29,772,085
<p>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:</p>		
Deferred outflows of resources related to pensions and other postemployment benefits	1,643,939	
Deferred inflows of resources related to pensions and other postemployment benefits	<u>(1,166,264)</u>	477,675
<p>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.</p>		
Other Postemployment Benefits Asset	25,892	
Pension and Other Postemployment Benefit Liabilities	(13,594,862)	
Compensated Absences Payable	<u>(286,256)</u>	<u>(13,855,226)</u>
Total Net Position of Governmental Activities		<u><u>\$ 32,739,003</u></u>

See accompanying Notes to 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, 2020

	General Fund	Special Projects	Nonmajor	Totals
REVENUES				
Intergovernmental	\$ 15,960,609	\$ 3,270,731	\$ 1,427,703	\$ 20,659,043
Food Service Sales	-	-	13,801	13,801
Auxiliary Operations	20,702	-	-	20,702
Charges for Services	113,633	-	42,817	156,450
Contributions and Donations	15,870	-	20,033	35,903
Investment Earnings	307,959	1,410	9,382	318,751
Other	48,423	27	34,116	82,566
Total Revenues	<u>16,467,196</u>	<u>3,272,168</u>	<u>1,547,852</u>	<u>21,287,216</u>
EXPENDITURES				
Current				
Instruction	5,771,637	1,567,144	572,393	7,911,174
Support Services:				
Students	1,093,524	454,551	8,147	1,556,222
Instructional Staff	524,099	551,269	266,224	1,341,592
General Administration	359,370	3,137	3,620	366,127
School Administration	1,139,753	31,169	-	1,170,922
Business and Other Support Services	1,157,109	120,384	3,679	1,281,172
Operations and Maintenance of Plant	3,012,074	85,147	51,328	3,148,549
Student Transportation	1,423,422	232,186	-	1,655,608
Operation of Noninstructional Services	132,200	-	799,922	932,122
Capital Outlay				
Facilities Acquisition	5,374,893	-	-	5,374,893
Total Expenditures	<u>19,988,081</u>	<u>3,044,987</u>	<u>1,705,313</u>	<u>24,738,381</u>
Excess of Revenues Over Expenditures	(3,520,885)	227,181	(157,461)	(3,451,165)
OTHER FINANCING SOURCES (USES)				
Transfers In	154,330	-	-	154,330
Transfers Out	-	(154,330)	-	(154,330)
Total Other Financing Sources (Uses)	<u>154,330</u>	<u>(154,330)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(3,366,555)	72,851	(157,461)	(3,451,165)
Fund Balances - Beginning of Year	<u>19,034,611</u>	<u>(2,821)</u>	<u>763,844</u>	<u>19,795,634</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 15,668,056</u></u>	<u><u>\$ 70,030</u></u>	<u><u>\$ 606,383</u></u>	<u><u>\$ 16,344,469</u></u>

See accompanying Notes to 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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (3,451,165)

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	\$ 5,866,547	
Depreciation Expense	<u>(1,679,102)</u>	4,187,445

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	1,275,032	
Pension and Other Postemployment Benefits Expense	<u>(895,870)</u>	379,162

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>(2,796)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 1,112,646</u></u>
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BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 205,519
Receivables	<u>9,114</u>
Total Assets	<u><u>\$ 214,633</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 160,674
Due to Student Groups	<u>53,959</u>
Total Liabilities	<u><u>\$ 214,633</u></u>

See accompanying Notes to Basic Financial Statements.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Baboquivari Unified School District No. 40 (the 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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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 (\$1,111,726), instructional improvement funds due from the state (\$25,111), state and county equalization and additional state aid (\$1,863,816) and other miscellaneous state grants (\$83,189).

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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Restricted:				
Federal and State Grants	\$ -	\$ 70,030	\$ -	\$ 70,030
Classroom Site	-	-	191,142	191,142
Instructional Improvements	-	-	167,840	167,840
Other Special Revenues	-	-	158,749	158,749
Food Service	-	-	64,785	64,785
Deficiencies Correction	-	-	23,867	23,867
Unassigned	<u>15,668,056</u>	<u>-</u>	<u>-</u>	<u>15,668,056</u>
Total Fund Balance	<u>\$ 15,668,056</u>	<u>\$ 70,030</u>	<u>\$ 606,383</u>	<u>\$ 16,344,469</u>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2020**

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 over expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

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, 2020 consist of the following:

Deposits:	
Cash in Bank	\$ 8,727
Investments:	
Cash on Deposit with County Treasurer	16,465,671
Total Deposits and Investments	16,474,398
Less: Fiduciary Funds	(205,519)
Total Cash and Investments	\$ 16,268,879

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, 2020, was \$8,727 and the bank balance was \$151,657.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments - At June 30, 2020, 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 nonactive 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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 972,455	\$ 5,371,232	\$ -	\$ 6,343,687
Total Capital Assets, Not Being Depreciated	972,455	5,371,232	-	6,343,687
Capital Assets, Being Depreciated:				
Land Improvements	5,734,431	-	-	5,734,431
Buildings and Improvements	42,530,081	-	-	42,530,081
Furniture, Equipment, and Vehicles	6,527,766	495,315	(198,236)	6,824,845
Total Capital Assets, Being Depreciated	54,792,278	495,315	(198,236)	55,089,357
Accumulated Depreciation for:				
Land Improvements	(4,169,112)	(222,848)	-	(4,391,960)
Buildings and Improvements	(22,672,773)	(953,994)	-	(23,626,767)
Furniture, Equipment, and Vehicles	(3,338,208)	(502,260)	198,236	(3,642,232)
Total Accumulated Depreciation	(30,180,093)	(1,679,102)	198,236	(31,660,959)
Total Capital Assets, Being Depreciated, Net	24,612,185	(1,183,787)	-	23,428,398
Governmental Activities Capital Assets, Net	<u>\$ 25,584,640</u>	<u>\$ (1,183,787)</u>	<u>\$ -</u>	<u>\$ 29,772,085</u>

Depreciation expense was charged to functions as follows at June 30, 2020:

Governmental Activities:	
Instruction	\$ 1,030,247
Support Services:	
Students	9,477
Instructional Staff	4,011
General Administration	35,301
School Administration	8,381
Business and Other Support Services	175,137
Operations and Maintenance of Plant	138,319
Student Transportation	222,155
Operation of Noninstructional Services	56,074
Total	<u>\$ 1,679,102</u>

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

At year-end, the District had contractual commitments related to various capital projects as follows:

Project	Governmental Activities	
	Spent-to-Date	Estimated Remaining
IO Primary Remodel Project	\$ 4,982,112	\$ 271,789
Transportation Project	446,290	889,095
Intermediate Front Office Project	99,806	912,668
High School Library Project	209,813	2,498,232
Primary SPED Project	3,900	2,996,608
Alternative MS/HS SPED Project	28,114	3,975,240
Totals	<u>\$ 5,770,035</u>	<u>\$ 11,543,632</u>

B. Interfund Receivables, Payables, and Transfers

As of June 30, 2020, interfund receivables and payables were as follows:

Due To	Due From
General Fund	Special Projects Fund
	<u>\$ 697,164</u>

The above interfund receivable and payable was recorded to eliminate the cash short-falls in individual funds at June 30, 2020. The District expects to recover the cash short-falls within one year.

Interfund transfers for the year ended June 30, 2020 consisted of the following:

	General Fund	Special Projects Fund	Totals
Transfers In	\$ 154,330	\$ -	\$ 154,330
Transfers Out	-	(154,330)	(154,330)
Totals	<u>\$ 154,330</u>	<u>\$ (154,330)</u>	<u>\$ -</u>

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.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2020 are as follows:

	Beginning of Year	Increases	Decreases	End of Year	Due within One Year
Other Liabilities:					
Net Pension and Other Postemployment					
Benefits Liability	\$ 13,130,612	\$ 403,425	\$ -	\$ 13,534,037	\$ -
Compensated Absences	283,460	278,585	(275,789)	286,256	281,305
Total Other Liabilities	<u>13,414,072</u>	<u>682,010</u>	<u>(275,789)</u>	<u>13,820,293</u>	<u>281,305</u>
 Total Long-Term Obligations	 <u>\$ 13,414,072</u>	 <u>\$ 682,010</u>	 <u>\$ (275,789)</u>	 <u>\$ 13,820,293</u>	 <u>\$ 281,305</u>

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.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

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.

B. Retirement Plans

Cost-Sharing Pension and Other Postemployment Benefit Plans

At June 30, 2020, the District reported the following related to pensions and other postemployment benefits (OPEB) to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net OPEB Asset	\$ 25,892
Net Pension and OPEB Liability	13,534,037
Deferred Outflows of Resources	1,509,743
Deferred Inflows of Resources	1,099,686
Pension and OPEB Expense	895,870

The District had no accrued payroll and benefits for outstanding pension and other postemployment benefit contribution amounts payable for the year ended June 30, 2020. 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.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020**

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* any years age 65	10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit 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, 2020, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11% (11.94% for retirement and 0.17% 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 12.11% (11.45% for retirement, 0.49% for the health insurance premium benefit, and 0.17% for long-term disability) of the active members' annual covered payroll.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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 10.41% (10.29% for retirement, 0.05% for health insurance premium benefits, and 0.07% 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, 2020 were \$1,208,038.

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
2020	\$ 49,705	\$ 17,289
2019	44,214	16,078
2018	46,872	11,249

During the fiscal year ended June 30, 2020, the District paid for ASRS pension and OPEB contributions as follows: 77.2% from the General Fund and 22.8% from other funds.

Pension Liability - At June 30, 2020, the District reported a liability of \$13,534,037 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. The total pension liability as of June 30, 2020, reflects a change in actuarial assumption for changes in loads for future potential permanent benefit increases.

The District's reported liability at June 30, 2020, increased by \$403,425 from the District's prior year liability of \$13,130,612 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 2018 contributions. The District's proportion measured as of June 30, 2019 and 2018 was 0.09301% and 0.09415%, respectively.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

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, 2020, the District recognized pension expense for ASRS of \$844,783. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 244,496	\$ 2,545
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	538,952
Changes in Assumptions	57,209	304,198
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	253,991
Contributions Subsequent to the Measurement Date	1,208,038	-
Total	<u>\$ 1,509,743</u>	<u>\$ 1,099,686</u>

The \$1,208,038 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, 2021. 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>
2021	\$ (407,442)
2022	(413,593)
2023	(58,419)
2024	81,473

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

Actuarial Valuation Date	June 30, 2018
Actuarial Roll Forward Date	June 30, 2019
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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial study for the five-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 Contribution to Expected Real Return</u>
Equity	50%	6.09%	3.05%
Credit	20%	5.36%	1.07%
Interest Rate Sensitive Bonds	10%	1.62%	0.16%
Real Estate	20%	5.85%	1.17%
Total	<u>100%</u>		<u>5.45%</u>

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 BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020**

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 one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	One Percent Decrease (6.5%)	Current Discount Rate (7.5%)	One Percent Increase (8.5%)
	<u> </u>	<u> </u>	<u> </u>
District’s Proportionate Share of the Net Pension Liability	<u>\$ 19,262,070</u>	<u>\$ 13,534,037</u>	<u>\$ 8,746,876</u>

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 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the District is still uncertain of the lasting effects the pandemic will have on the 2020-2021 school year due to virtual learning and precautions needed for in-person learning to take place. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as it is still developing.

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

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BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND
CONTRIBUTIONS COST SHARING PENSION PLANS
FISCAL YEAR ENDED JUNE 30, 2020

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

	Reporting Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
District's Proportion of the Net Pension Liability	0.093010%	0.094150%	0.095050%	0.104320%	0.099360%
District's Proportionate Share of the Net Pension Liability	\$ 13,534,037	\$ 13,130,612	\$ 14,806,937	\$ 16,838,296	\$ 15,476,759
District's Covered-Employee Payroll	\$ 9,614,637	\$ 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	140.76%	144.02%	164.62%	181.34%	154.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.24%	73.00%	69.92%	67.06%	68.35%

Schedule of the District's Contributions

	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,096,653	\$ 1,020,007	\$ 999,412	\$ 1,059,845	\$ 996,612
Contributions in Relation to the Contractually Required Contribution	1,208,038	1,095,296	1,009,685	1,005,410	1,051,783
Contribution Deficiency (Excess)	\$ (111,385)	\$ (75,289)	\$ (10,273)	\$ 54,435	\$ (55,171)
District's Covered-Employee Payroll	\$ 10,436,054	\$ 9,614,637	\$ 9,117,311	\$ 8,994,701	\$ 9,285,702
Contributions as a Percentage of Covered-Employee Payroll	11.58%	11.39%	11.07%	11.18%	11.33%

NOTE: Information is only available for the current and previous four 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
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
REVENUES				
Intergovernmental			\$ 7,603,886	
Investment Loss			(3,958)	
Other			6,447	
Total Revenues			7,606,375	
EXPENDITURES				
Regular Education:				
Instruction	\$ 3,658,128	\$ 3,015,987	2,868,851	\$ 147,136
Support Services - Students	251,181	247,471	217,606	29,865
Support Services - Instructional Staff	7,100	164,578	160,171	4,407
Support Services - General Administration	277,552	456,520	282,213	174,307
Support Services - School Administration	887,298	882,958	841,767	41,191
Support Services - Business	536,120	484,976	459,335	25,641
Operations and Maintenance of Plant	1,666,963	2,049,526	1,949,544	99,982
Other	-	94,706	-	94,706
Operation of Noninstructional Services	29,269	29,556	41,747	(12,191)
School Sponsored Cocurricular Activities	16,920	16,920	-	16,920
School Sponsored Athletics	86,250	90,000	-	90,000
Total Regular Education	7,416,781	7,533,198	6,821,234	711,964
Special Education:				
Instruction	786,978	987,548	857,384	130,164
Support Services - Students	177,688	6,000	322	5,678
Support Services - Instructional Staff	25,603	25,603	1,574	24,029
Operations and Maintenance of Plant	5,000	7,000	-	7,000
Total Special Education	995,269	1,026,151	859,280	166,871
K-3 Reading Program	64,884	52,785	52,784	1
Total Expenditures	\$ 8,476,934	\$ 8,612,134	7,733,298	\$ 878,836
Excess of Revenues Over Expenditures			(126,923)	
OTHER FINANCING SOURCES				
Transfers In			307,523	
Total Other Financing Sources			307,523	
NET CHANGE IN FUND BALANCE			180,600	
Fund Balance - Beginning of Year			535,266	
FUND BALANCE - END OF YEAR			\$ 715,866	

See Notes to Required Supplementary Information.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL PROJECTS FUND – BUDGETARY BASIS
FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental			\$ 3,270,731	
Investment Loss			1,410	
Other			27	
Total Revenues			<u>3,272,168</u>	
EXPENDITURES				
Current:				
Instruction	\$ 511,135	\$ 796,467	1,567,144	\$ (770,677)
Support Services:				
Students	1,797,983	2,977,876	454,551	2,523,325
Instructional Staff	-	-	551,269	(551,269)
General Administration	1,789	1,789	3,137	(1,348)
School Administration	-	-	31,169	(31,169)
Business and Other Support Services	-	-	120,384	(120,384)
Operations and Maintenance of Plant	-	-	85,147	(85,147)
Student Transportation	-	-	232,186	(232,186)
Operation of Noninstructional Services	-	-	-	-
Facilities Acquisition	200,000	200,000	-	200,000
Total Expenditures	<u>\$ 2,510,907</u>	<u>\$ 3,976,132</u>	<u>3,044,987</u>	<u>\$ 931,145</u>
Excess of Revenues Over Expenditures			227,181	
OTHER FINANCING USES				
Transfers Out			<u>(154,330)</u>	
Total Other Financing Uses			<u>(154,330)</u>	
NET CHANGE IN FUND BALANCE			72,851	
Fund Balance - Beginning of Year			<u>(2,821)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 70,030</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, 2020

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	\$ 16,467,196	\$ 19,988,081	\$ 154,330	\$ 19,034,611	\$ 15,668,056
Nonmaintenance and Operation Activity Included in General Fund	<u>(8,860,821)</u>	<u>(12,254,783)</u>	<u>153,193</u>	<u>(18,499,345)</u>	<u>(14,952,190)</u>
Budgetary Comparison Schedule - General Fund	<u>\$ 7,606,375</u>	<u>\$ 7,733,298</u>	<u>\$ 307,523</u>	<u>\$ 535,266</u>	<u>\$ 715,866</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, 2020

	Special Revenue			
	Classroom Site Fund	Instructional Improvement	Food Service	Other Special Revenue
ASSETS				
Cash and Investments	\$ 170,928	\$ 144,686	\$ 53,026	\$ 154,440
Receivables:				
Intergovernmental	46,275	25,111	58,597	12,725
Total Assets	<u>\$ 217,203</u>	<u>\$ 169,797</u>	<u>\$ 111,623</u>	<u>\$ 167,165</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 43,875	\$ 4,083
Accrued Wages and Benefits	26,061	1,957	2,963	4,333
Total Liabilities	<u>26,061</u>	<u>1,957</u>	<u>46,838</u>	<u>8,416</u>
FUND BALANCES				
Restricted	191,142	167,840	64,785	158,749
Total Fund Balances	<u>191,142</u>	<u>167,840</u>	<u>64,785</u>	<u>158,749</u>
Total Liabilities and Fund Balances	<u>\$ 217,203</u>	<u>\$ 169,797</u>	<u>\$ 111,623</u>	<u>\$ 167,165</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>	
\$ 523,080	\$ 23,802	\$ 23,802	\$ 546,882
<u>142,708</u>	<u>65</u>	<u>65</u>	<u>142,773</u>
<u>\$ 665,788</u>	<u>\$ 23,867</u>	<u>\$ 23,867</u>	<u>\$ 689,655</u>
\$ 47,958	\$ -	\$ -	\$ 47,958
35,314	-	-	35,314
<u>83,272</u>	<u>-</u>	<u>-</u>	<u>83,272</u>
<u>582,516</u>	<u>23,867</u>	<u>23,867</u>	<u>606,383</u>
<u>582,516</u>	<u>23,867</u>	<u>23,867</u>	<u>606,383</u>
<u>\$ 665,788</u>	<u>\$ 23,867</u>	<u>\$ 23,867</u>	<u>\$ 689,655</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, 2020

	Special Revenue			
	Classroom Site Fund	Instructional Improvement	Food Service	Other Special Revenue
REVENUES				
Intergovernmental	\$ 540,997	\$ 45,070	\$ 841,636	\$ -
Food Service Sales	-	-	13,801	-
Charges for Services	-	-	-	42,817
Contributions and Donations	-	-	-	20,033
Investment Earnings	2,320	3,160	-	3,474
Other	1,794	22	1,602	30,698
Total Revenues	<u>545,111</u>	<u>48,252</u>	<u>857,039</u>	<u>97,022</u>
EXPENDITURES				
Current				
Instruction	479,910	61,285	-	31,198
Support Services:				
Students	-	-	-	8,147
Instructional Staff	263,063	-	-	3,161
General Administration	-	-	-	3,620
Business and Other Support Services	-	-	-	3,679
Operations and Maintenance of Plant	-	-	-	51,328
Student Transportation	-	-	-	-
Operation of Noninstructional Services	-	-	799,922	-
Capital Outlay				
Facilities Acquisition	-	-	-	-
Total Expenditures	<u>742,973</u>	<u>61,285</u>	<u>799,922</u>	<u>101,133</u>
Excess (Deficiency) of Revenues Over Expenditures	(197,862)	(13,033)	57,117	(4,111)
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(197,862)	(13,033)	57,117	(4,111)
Fund Balance - Beginning of Year	<u>389,004</u>	<u>180,873</u>	<u>7,668</u>	<u>162,860</u>
FUND BALANCE - END OF YEAR	<u>\$ 191,142</u>	<u>\$ 167,840</u>	<u>\$ 64,785</u>	<u>\$ 158,749</u>

Total Special Revenue Funds	Capital Projects		Total Nonmajor Governmental Funds
	Deficiencies Corrections	Total Capital Projects Funds	
\$ 1,427,703	\$ -	\$ -	\$ 1,427,703
13,801	-	-	13,801
42,817	-	-	42,817
20,033	-	-	20,033
8,954	428	428	9,382
34,116	-	-	34,116
<u>1,547,424</u>	<u>428</u>	<u>428</u>	<u>1,547,852</u>
572,393	-	-	572,393
8,147	-	-	8,147
266,224	-	-	266,224
3,620	-	-	3,620
3,679	-	-	3,679
51,328	-	-	51,328
-	-	-	-
799,922	-	-	799,922
-	-	-	-
<u>1,705,313</u>	<u>-</u>	<u>-</u>	<u>1,705,313</u>
(157,889)	428	428	(157,461)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(157,889)	428	428	(157,461)
<u>740,405</u>	<u>23,439</u>	<u>23,439</u>	<u>763,844</u>
<u>\$ 582,516</u>	<u>\$ 23,867</u>	<u>\$ 23,867</u>	<u>\$ 606,383</u>

**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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental			\$ 540,997	
Investment Earnings			2,320	
Other			1,794	
Total Revenues			<u>545,111</u>	
EXPENDITURES				
Current:				
Instruction	\$ 900,002	\$ 930,002	479,910	\$ 450,092
Support Services:				
Students	-	-	-	-
Instructional Staff	-	-	263,063	(263,063)
Total Expenditures	<u>\$ 900,002</u>	<u>\$ 930,002</u>	<u>742,973</u>	<u>\$ 187,029</u>
Excess of Revenues Over Expenditures			<u>(197,862)</u>	
NET CHANGE IN FUND BALANCE			(197,862)	
Fund Balance - Beginning of Year			<u>389,004</u>	
FUND BALANCE - END OF YEAR			<u>\$ 191,142</u>	

**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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental			\$ 45,070	
Investment Earnings			3,160	
Other			22	
Total Revenues			48,252	
 EXPENDITURES				
Current:				
Instruction	\$ 200,000	\$ 200,000	61,285	\$ 138,715
Total Expenditures	\$ 200,000	\$ 200,000	61,285	\$ 138,715
Excess of Revenues Over Expenditures			(13,033)	
NET CHANGE IN FUND BALANCE			(13,033)	
Fund Balance - Beginning of Year			180,873	
FUND BALANCE - END OF YEAR			\$ 167,840	

**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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental			\$ 841,636	
Food Service Sales			13,801	
Other			1,602	
Total Revenues			857,039	
EXPENDITURES				
Operations and Maintenance of Plant	\$ -	\$ -	-	\$ -
Operation of Noninstructional Services	840,000	840,000	799,922	40,078
Total Expenditures	\$ 840,000	\$ 840,000	799,922	\$ 40,078
Deficiency of Revenued Over Expenditures			57,117	
NET CHANGE IN FUND BALANCE			57,117	
Fund Balance - Beginning of Year			7,668	
FUND BALANCE - END OF YEAR			\$ 64,785	

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
OTHER SPECIAL REVNUUE FUND – SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Contributions and Donations			\$ 20,033	
Rental			42,817	
Investment Earnings			3,474	
Other			<u>30,698</u>	
Total Revenues			97,022	
EXPENDITURES				
Current:				
Instruction	\$ 161,200	\$ 161,200	31,198	\$ 130,002
Support Services:				
Students	100,000	100,000	8,147	91,853
Instructional Staff	-	-	3,161	(3,161)
General Administration	550,000	550,000	3,620	546,380
Business and Other Support Services	-	-	3,679	(3,679)
Operations and Maintenance of Plant	260,000	260,000	51,328	208,672
Student Transportation	-	-	-	-
Operation of Noninstructional Services	250,000	250,000	-	250,000
Facilities Acquisition	260,000	260,000	-	260,000
Total Expenditures	<u>\$ 1,581,200</u>	<u>\$ 1,581,200</u>	<u>101,133</u>	<u>\$ 1,480,067</u>
Excess of Revenues Over Expenditures			(4,111)	
NET CHANGE IN FUND BALANCE			(4,111)	
Fund Balance - Beginning of Year			<u>162,860</u>	
FUND BALANCE - END OF YEAR			<u>\$ 158,749</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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment Earnings			\$ 428	
Total Revenues			428	
EXPENDITURES				
Facilities Acquisition	\$ 25,000	\$ 25,000	-	\$ 25,000
Total Expenditures	25,000	25,000	-	25,000
Excess (Deficiency) of Revenues Over Expenditures			428	
NET CHANGE IN FUND BALANCE			428	
Fund Balance - Beginning of Year			23,439	
FUND BALANCE - END OF YEAR			\$ 23,867	

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, 2020

	Employee Insurance Fund	Student Activities Fund	Total
Assets			
Cash and Investments	\$ 151,560	\$ 53,959	\$ 205,519
Receivables	9,114	-	9,114
Total Assets	\$ 160,674	\$ 53,959	\$ 214,633
 Liabilities			
Accounts Payable	\$ 160,674	\$ -	\$ 160,674
Due to Student Groups	-	53,959	53,959
Total Liabilities	\$ 160,674	\$ 53,959	\$ 214,633

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Employee Insurance Fund				
Assets:				
Cash and Investments	\$ 152,692	\$ 1,323,187	\$ (1,324,319)	\$ 151,560
Receivables	4,524	9,114	(4,524)	9,114
Total Assets	<u>\$ 157,216</u>	<u>\$ 1,332,301</u>	<u>\$ (1,328,843)</u>	<u>\$ 160,674</u>
Liabilities:				
Accounts Payable	<u>\$ 157,216</u>	<u>\$ 160,674</u>	<u>\$ (157,216)</u>	<u>\$ 160,674</u>
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Student Activities Fund				
Assets:				
Cash and Investments	<u>\$ 36,171</u>	<u>\$ 49,847</u>	<u>\$ (32,059)</u>	<u>\$ 53,959</u>
Liabilities:				
Due to Student Groups	<u>\$ 36,171</u>	<u>\$ 49,847</u>	<u>\$ (32,059)</u>	<u>\$ 53,959</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			
	2011	2012	2013	2014
Governmental Activities:				
Net Investment in Capital Assets	\$ 25,467,592	\$ 26,008,943	\$ 25,959,736	\$ 27,365,141
Restricted	4,300,801	2,484,042	2,466,633	1,276,464
Unrestricted	7,788,326	7,819,608	7,621,168	8,879,792
Total Governmental Activities				
Net Position	<u>\$ 37,556,719</u>	<u>\$ 36,312,593</u>	<u>\$ 36,047,537</u>	<u>\$ 37,521,397</u>

Source: District's Business and Finance Department.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 27,528,575	\$ 26,030,089	\$ 25,485,452	\$ 23,992,470	\$ 25,584,640	\$ 29,772,085
935,048	467,004	595,576	679,701	763,844	676,413
(4,191,833)	(2,320,292)	1,320,031	3,532,136	5,277,873	2,290,505
<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>	<u>\$ 32,739,003</u>

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

	Fiscal Year			
	2011	2012	2013	2014
EXPENSES				
Governmental Activities:				
Instruction	\$ 7,658,906	\$ 7,490,299	\$ 6,896,798	\$ 7,885,742
Support Services:				
Students and Staff	2,067,620	2,679,449	2,351,761	2,420,507
Administration	1,600,426	1,875,411	2,181,417	2,420,565
Operation and Maintenance of Plant	3,477,267	2,400,082	2,278,181	2,571,290
Student Transportation	1,226,071	1,540,465	1,752,455	1,562,775
Operation of Noninstructional Services	474,719	623,195	658,371	751,493
Interest on Long-Term Debt	264,336	91,430	78,025	63,920
Total Governmental Activities	<u>16,769,345</u>	<u>16,700,331</u>	<u>16,197,008</u>	<u>17,676,292</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
Instruction	-	411,761	359,222	273,873
Students and Staff	-	-	-	-
Administration	-	-	-	-
Operation and Maintenance of Plant	-	60,000	60,000	30,456
Student Transportation	-	-	-	-
Operation of Noninstructional Services	40,206	43,120	46,180	44,740
Operating Grants and Contributions	4,630,312	4,132,799	3,962,411	4,575,029
Capital Grants and Contributions	-	2,000	81,622	2,108,468
Total Governmental Activities				
Program Revenues	<u>4,670,518</u>	<u>4,649,680</u>	<u>4,509,435</u>	<u>7,032,566</u>
NET (EXPENSE) REVENUE				
Governmental Activities	(12,098,827)	(12,050,651)	(11,687,573)	(10,643,726)
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities:				
Property Taxes	-	-	20,722	836
Unrestricted Grants and Contributions	10,752,516	10,762,618	11,339,576	12,109,263
Investment Earnings	52,493	43,907	62,219	7,487
Other	242,720	-	-	-
Total Governmental Activities	<u>11,047,729</u>	<u>10,806,525</u>	<u>11,422,517</u>	<u>12,117,586</u>
CHANGE IN NET POSITION				
Governmental Activities	<u>\$ (1,051,098)</u>	<u>\$ (1,244,126)</u>	<u>\$ (265,056)</u>	<u>\$ 1,473,860</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 8,468,350	\$ 8,388,012	\$ 7,989,806	\$ 7,557,775	\$ 8,257,719	\$ 8,741,620
2,682,160	2,656,819	2,665,163	2,615,874	2,280,438	2,804,251
2,751,653	3,089,568	2,924,028	2,782,592	2,773,107	2,993,122
2,409,232	2,270,860	2,456,131	2,556,740	2,683,631	3,219,483
1,592,734	1,655,056	1,437,183	1,348,614	1,401,415	1,500,862
737,376	767,655	779,893	958,988	931,002	915,232
-	-	-	-	-	-
18,641,505	18,827,970	18,252,204	17,820,583	18,327,312	20,174,570
36,914	102,503	82,712	71,079	82,066	100,436
-	3,009	9,242	10,379	5,720	6,289
-	7,442	5,891	7,696	6,942	8,093
43,927	14,469	18,673	22,990	18,248	17,706
-	5,822	2,158	2,430	2,970	3,562
24,364	84,166	99,462	106,976	97,018	90,770
4,967,756	5,198,275	4,417,898	4,004,225	3,948,894	4,698,434
869,321	-	-	-	-	-
5,942,282	5,415,686	4,636,036	4,225,775	4,161,858	4,925,290
(12,699,223)	(13,412,284)	(13,616,168)	(13,594,808)	(14,165,454)	(15,249,280)
-	-	-	-	-	-
13,619,908	13,183,524	15,757,084	14,130,224	15,889,358	15,960,609
2,570	54,292	98,354	157,966	338,991	318,751
-	79,479	90,489	107,405	119,113	82,566
13,622,478	13,317,295	15,945,927	14,395,595	16,347,462	16,361,926
\$ 923,255	\$ (94,989)	\$ 2,329,759	\$ 800,787	\$ 2,182,008	\$ 1,112,646

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund:					
Nondspendable	\$ 11,620	\$ -	\$ -	\$ -	\$ -
Unassigned	9,067,746	8,123,108	7,839,402	7,990,560	10,075,459
Total General Fund	<u>\$ 9,079,366</u>	<u>\$ 8,123,108</u>	<u>\$ 7,839,402</u>	<u>\$ 7,990,560</u>	<u>\$ 10,075,459</u>
All Other Governmental Funds:					
Restricted	\$ 4,487,268	\$ 2,361,948	\$ 2,466,633	\$ 1,276,464	\$ 935,048
Nondspendable	41,069	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 4,528,337</u>	<u>\$ 2,361,948</u>	<u>\$ 2,466,633</u>	<u>\$ 1,276,464</u>	<u>\$ 935,048</u>

Source: District's Business and Finance Department.

Fiscal Year				
2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -
12,272,929	16,354,275	18,346,980	19,034,611	15,668,056
<u>\$ 12,272,929</u>	<u>\$ 16,354,275</u>	<u>\$ 18,346,980</u>	<u>\$ 19,034,611</u>	<u>\$ 15,668,056</u>
\$ 467,004	\$ 646,756	\$ 679,701	\$ 763,844	\$ 676,413
-	-	-	-	-
<u>(65,555)</u>	<u>-</u>	<u>(3,366)</u>	<u>(2,821)</u>	<u>-</u>
<u>\$ 401,449</u>	<u>\$ 646,756</u>	<u>\$ 676,335</u>	<u>\$ 761,023</u>	<u>\$ 676,413</u>

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

	Fiscal Year			
	2011	2012	2013	2014
REVENUES				
Property Taxes	\$ -	\$ -	\$ 20,722	\$ 836
Intergovernmental:				
Federal Aid and Grants	10,156,911	9,477,355	9,471,354	10,079,877
State Aid and Grants	4,842,878	4,952,145	5,228,767	5,904,554
County Aid and Grants	406,252	467,917	601,866	699,861
Tuition	-	-	-	-
Food Service Sales	40,206	-	-	-
Auxiliary Operations	-	-	-	-
Charges for Services	-	-	-	-
Contributions and Donations	-	-	-	-
Investment Earnings	52,493	43,907	62,219	7,487
Other	242,720	392,787	669,118	2,457,537
Total Revenues	<u>15,741,460</u>	<u>15,334,111</u>	<u>16,054,046</u>	<u>19,150,152</u>
EXPENDITURES				
Current:				
Instruction	6,299,542	6,056,601	5,467,145	6,370,113
Support Services:				
Students and Staff	2,055,913	2,631,844	2,357,900	2,352,430
Administration	1,520,424	1,801,457	2,092,734	2,345,695
Operation and Maintenance of Plant	2,616,903	2,302,504	2,186,939	2,490,789
Student Transportation	1,307,238	1,307,937	1,489,865	1,269,190
Other	-	-	-	-
Operation of Noninstructional Services	515,050	567,757	627,707	718,660
Capital Outlay:				
Facilities Acquisition/Construction	498,456	1,174,579	1,627,752	3,218,366
Debt Service:				
Principal	1,190,000	295,000	305,000	1,360,000
Interest and Fiscal Charges	264,336	91,430	78,025	63,920
Total Expenditures	<u>16,267,862</u>	<u>16,229,109</u>	<u>16,233,067</u>	<u>20,189,163</u>
Excess of Revenues Over (Under)				
Expenditures	(526,402)	(894,998)	(179,021)	(1,039,011)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,601,145	252,679	376,474	334,482
Transfers out	(1,601,145)	(252,679)	(376,474)	(334,482)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (526,402)</u>	<u>\$ (894,998)</u>	<u>\$ (179,021)</u>	<u>\$ (1,039,011)</u>
Debt Service as a Percentage of Noncapital Expenditures	9.58%	2.53%	2.54%	8.17%

Source: District's Business and Finance Department.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,931,883	11,954,791	12,191,533	11,127,197	12,330,835	13,055,098
5,905,403	5,697,296	7,228,038	6,247,880	6,762,508	6,861,246
750,378	729,712	755,411	759,372	744,909	742,699
-	3,700	-	1,875	-	#REF!
-	13,788	16,538	10,041	10,285	13,801
-	10,249	12,650	22,304	22,661	20,702
-	148,750	149,295	149,582	148,028	156,450
-	40,924	39,655	37,748	31,990	35,903
2,570	55,060	98,354	157,966	338,991	318,751
1,003,063	78,711	90,489	107,405	120,050	82,566
<u>19,593,297</u>	<u>18,732,981</u>	<u>20,581,963</u>	<u>18,621,370</u>	<u>20,510,257</u>	<u>#REF!</u>
6,998,318	7,162,536	6,692,198	6,723,208	8,010,895	7,911,174
2,590,814	2,619,076	2,591,895	2,674,514	2,444,216	2,897,814
2,381,442	2,772,845	2,626,524	2,495,313	2,674,179	2,818,221
2,255,819	2,197,677	2,415,380	2,454,310	2,720,046	3,148,549
1,277,345	1,427,261	1,173,962	1,309,512	1,929,402	1,655,608
-	798,479	-	-	-	-
714,573	24,468	743,916	839,762	878,507	932,122
1,631,503	66,769	11,435	102,467	1,080,693	5,374,893
-	-	-	-	-	-
-	-	-	-	-	-
<u>17,849,814</u>	<u>17,069,111</u>	<u>16,255,310</u>	<u>16,599,086</u>	<u>19,737,938</u>	<u>24,738,381</u>
1,743,483	1,663,870	4,326,653	2,022,284	772,319	#REF!
224,058	423,869	66,802	157,626	61,163	154,330
<u>(224,058)</u>	<u>(423,869)</u>	<u>(66,802)</u>	<u>(157,626)</u>	<u>(61,163)</u>	<u>(154,330)</u>
-	-	-	-	-	-
<u>\$ 1,743,483</u>	<u>\$ 1,663,870</u>	<u>\$ 4,326,653</u>	<u>\$ 2,022,284</u>	<u>\$ 772,319</u>	<u>#REF!</u>
0.00%	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>
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
2020	1,993,100 *	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
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
2020	n/a	n/a	n/a	4.44	0.54	0.33	1.34	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, 2020 AND 2011
(UNAUDITED)

Taxpayer	2020			2011		
	Net Secondary Assessed Value	Rank	Percentage of Total Assessed Value	Net Secondary Assessed Value	Rank	Percentage of Total Assessed Value
Unisource Energy Corporation	\$ 80,267,556	1	2.07%	\$ 44,651,103	2	1.17%
Southwest Gas Corporation	34,844,691	2	0.90	15,135,967	4	0.40
SMSJ Holdings LLC	25,906,772	3	0.67			
Qwest Corporation	19,752,943	4	0.51	30,650,334	2	0.80
Wal-Mart Stores	11,553,457	5	0.30	6,432,786	9	0.17
Starr Pass Resort Development LLC	10,934,577	6	0.28	16,649,564	3	0.44
TMC Holdings Inc	10,050,065	7	0.26			
El Con Shopping Center	8,496,540	8	0.22	7,567,984	8	0.20
WC Partner Et Al	7,886,242	9	0.20	7,567,984	7	0.20
Sunrun Inc	7,863,480	10	0.20			
Park Place Shopping Center	-			14,757,568	5	0.39
Hub Properties Trust	-			6,054,387	10	0.16
Verizon Wireless	-			10,973,576	6	0.29
Totals	<u>\$ 217,556,323</u>		5.7%	<u>\$ 160,441,253</u>		4.2%

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)

<u>Current Collections</u>								
<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections</u>	<u>Collections as a Percentage of the Levy</u>	<u>Outstanding Tax Collections</u>	<u>Outstanding Collections as a Percentage of Levy</u>
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
2020	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)

Fiscal Year	Governmental Activities			Total District
	General Obligation Bonds	Impact Aid Revenue Bonds	Capital Leases	
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	-	-	-	-
2020	-	-	-	-

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.

<u>Debt Per Capita</u>	<u>Percentage of Personal Income</u>	<u>County Population</u>
\$ 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
-	0.000%	1,050,906

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
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			
	2011	2012	2013	2014
Total Legal Debt Margin				
Debt Limit	\$ 312,072	\$ 317,992	\$ 330,158	\$ 324,434
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	\$ 312,072	\$ 317,992	\$ 330,158	\$ 324,434
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						
2015	2016	2017	2018	2019	2020	
\$ 316,559	\$ 632,344	\$ 541,074	\$ 572,361	\$ 597,933	\$ 597,930	
-	-	-	-	-	-	
\$ 316,559	\$ 632,344	\$ 541,074	\$ 572,361	\$ 597,933	\$ 597,930	
-%	-%	-%	-%	-%	-%	-%

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2020
(UNAUDITED)

Net Secondary Assessed Value	<u>\$ 1,993,100</u>
<hr/>	
Legal Debt Margin:	
Debt Limitation - 30% of Assessed Value	\$ 597,930
Total Amount of Debt Applicable to Debt Limit	<u>-</u>
Total Legal Debt Margin	<u>\$ 597,930</u>

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)

<u>Fiscal Year</u>	<u>Pledged Revenues (1)</u>	<u>Impact Aid Revenue Bonds</u>			<u>Coverage</u>
		<u>Impact Aid Revenue Bonds</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	
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 - 2020 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
2011	986,081	\$ 34,360,759	\$ 35,628	850.0%
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
2020	1,050,906	49,961,000	47,541	8.0

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, 2020 AND 2011
(UNAUDITED)

Employer	2020		2011	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
N/A	-	-	-	-
	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Supervisory	-	-	-	-	-	-	-	-	-	-
Instruction	112	112	110	119	117	119	113	108	111	92
Student Services	22	23	26	23	26	31	31	33	30	37
Support and Administration	74	95	87	86	91	95	87	81	82	99
Total	<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>	<u>228</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>
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
2020	968	14,308,023	14,781	4.34	20,174,570

Source: The District's Business and Finance Department.

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

<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Meals</u>
\$ 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%
20,841	29.98	80	12.1	100%

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

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
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	- *
2020	37,816	79,586	67,105	- *

Source: The District's Business and Finance Department.

Note: Amounts do not include 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)

Schools	Fiscal Year				
	2011	2012	2013	2014	2015
Elementary					
Buildings	12	10	10	10	10
Square Feet	628,454	545,898	545,898	545,898	545,898
Capacity	500	500	500	500	500
Enrollment	480	484	558	599	609
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	235	224	204	215	208
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	217	189	196	198	153
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	63
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	21	23	26	23
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

2016	2017	2018	2019	2020
10	10	10	10	10
545,898	545,898	545,898	545,898	545,898
500	500	500	500	500
690	467	457	448	242
7	7	7	7	7
64,947	64,947	64,947	64,947	64,947
800	800	800	800	800
Note	467	248	252	328
6	6	6	6	6
21,880	21,880	21,880	21,880	21,880
600	600	600	600	600
135	136	156	133	133
19	19	19	19	19
132,272	132,272	132,272	132,272	132,272
600	600	600	600	600
212	164	241	239	197
2	2	2	2	2
7,200	7,200	7,200	7,200	7,200
60	60	60	60	60
45	47	71	71	67
1	1	1	1	1
5,525	5,525	5,525	5,525	5,525
1	1	1	1	1
23	21	19	25	25
2	2	2	2	2
1	1	1	1	1
4	4	4	4	4
4	4	4	4	4