

**Valley Academy for Career and Technology Education**  
**Financial Statements**  
Year Ended June 30, 2025

# Valley Academy for Career and Technology Education

Financial Statements  
Year Ended June 30, 2025

Issued by:  
Business and Finance Department

## Valley Academy for Career and Technology Education

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## **Report on Audit of Financial Statements**

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## Independent Auditor's Report

Governing Board  
Valley Academy for Career and Technology Education

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Academy for Career and Technology Education (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 the Valley Academy for Career and Technology Education, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Valley Academy for Career and Technology Education and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Matters***

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

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is 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 March 25, 2026, on our consideration of Valley Academy for Career and Technology Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Valley Academy for Career and Technology Education's 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 Valley Academy for Career and Technology Education's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Flagstaff, Arizona  
March 25, 2026

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**Management's Discussion and Analysis (MD&A)  
(Required Supplementary Information)**

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**Valley Academy for Career and Technology Education**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

As management of the Valley Academy for Career and Technology Education (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

**Financial Highlights**

- The District's total net position of governmental activities increased \$730,434 which represents a 40 percent increase primarily as a result of increased unrestricted state aid and investment income.
- General revenues accounted for \$2.7 million in revenue, or 92 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$231,936 or eight percent of total current fiscal year revenues.
- The District had approximately \$2.2 million in expenses related to governmental activities, an increase of six percent from the prior fiscal year primarily due to the hiring of additional staff for support services for students.
- Among major funds, the General Fund had \$2.6 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$2.2 million in expenditures. The General Fund's fund balance increase from \$1.9 million at the prior fiscal year end to \$2.5 million at the end of the current fiscal year was primarily due to increased unrestricted state aid with more conservative spending compared to the revenue received.

**Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 accrual basis of accounting is used for the government-wide financial statements.

**Valley Academy for Career and Technology Education  
Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2025**

**Overview of Financial Statements**

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes 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 future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

**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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental 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 use the modified accrual basis of accounting and focus on near-term inflows 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 the District'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 District'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.

**Valley Academy for Career and Technology Education**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

**Overview Of Financial Statements**

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 and Federal and State Grants Funds, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

**Notes to the financial statements.** The notes 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 financial statements can be found immediately following the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Fund as required supplementary information. Schedules for the pension plans have also been provided as required supplementary information.

**Government-Wide Financial Analysis**

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 exceeded liabilities and deferred inflows by \$2.6 million at the current fiscal year end.

A portion of the District's net position reflects its investment in capital assets (e.g. buildings and improvements; and vehicles, furniture and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

**Valley Academy for Career and Technology Education  
Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2025**

**Government-Wide Financial Analysis**

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2025 and June 30, 2024.

	As of June 30, 2025	As of June 30, 2024
Current and other assets	\$ 3,133,478	\$ 2,604,065
Capital assets, net	485,232	185,248
Total assets	<u>3,618,710</u>	<u>2,789,313</u>
Deferred outflows	<u>262,678</u>	<u>75,142</u>
Current and other liabilities	247,102	410,511
Long-term liabilities	<u>960,845</u>	<u>431,932</u>
Total liabilities	<u>1,207,947</u>	<u>842,443</u>
Deferred inflows	<u>97,451</u>	<u>176,456</u>
Net position:		
Net investment in capital assets	176,917	151,835
Restricted	362,395	330,740
Unrestricted	<u>2,036,678</u>	<u>1,362,981</u>
Total net position	<u>\$ 2,575,990</u>	<u>\$ 1,845,556</u>

At the end of the current fiscal year, the District reported positive balances in all three categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a surplus of \$2.0 million.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position:

- An increase of \$299,984 in net capital assets as a result of purchased capital assets and a new lease entered into by the District.
- An increase of \$528,913 in long-term liabilities primarily due to a new lease liability entered into by the District.

**Valley Academy for Career and Technology Education  
Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2025**

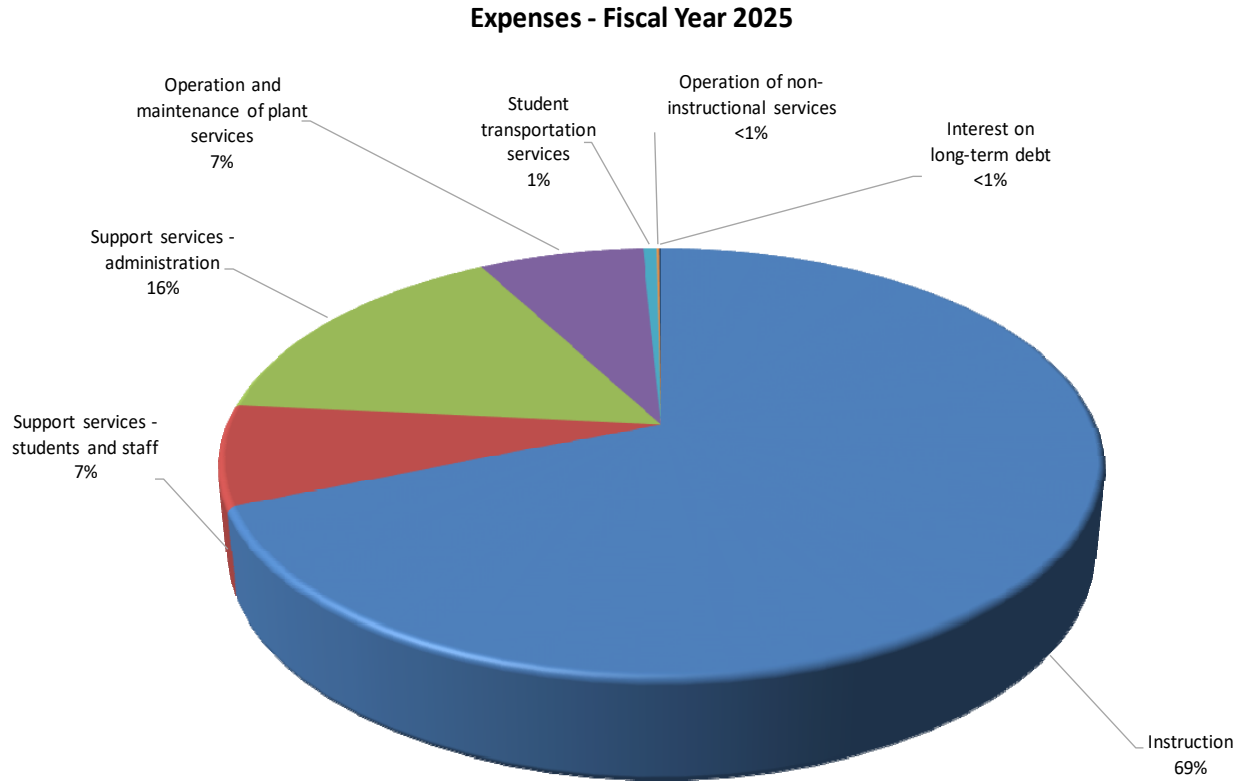
**Government-Wide Financial Analysis**

**Changes in net position.** The District's total revenues for the current fiscal year were \$2.9 million. The total cost of all programs and services was \$2.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

	<u>Fiscal Year Ended June 30, 2025</u>	<u>Fiscal Year Ended June 30, 2024</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 141,724	\$ 99,474
Operating grants and contributions	32,889	101,738
Capital grants and contributions	57,323	2,337
General revenues:		
Property taxes	618,583	583,419
Investment income	133,288	55,341
Unrestricted state aid	1,915,415	1,649,574
Unrestricted federal aid	18,878	18,878
<b>Total revenues</b>	<u>2,899,222</u>	<u>2,510,761</u>
<b>Expenses:</b>		
Instruction	1,496,672	1,479,677
Support services – students and staff	163,057	80,839
Support services – administration	336,567	336,030
Operation and maintenance of plant services	155,436	140,857
Student transportation services	13,101	13,547
Operation of non-instructional services	2,296	2,390
Interest on long-term debt	1,659	1,887
<b>Total expenses</b>	<u>2,168,788</u>	<u>2,055,227</u>
<b>Changes in net position</b>	730,434	455,534
<b>Net position, beginning</b>	1,845,556	1,390,022
<b>Net position, ending</b>	<u>\$ 2,575,990</u>	<u>\$ 1,845,556</u>

**Valley Academy for Career and Technology Education  
Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2025**

**Government-Wide Financial Analysis**



The following are significant current year transactions that have had an impact on the change in net position.

- The increase of \$265,841 in unrestricted state aid was primarily the result of an increase in the state equalization funding calculation.
- The increase of \$82,218 in support services – students and staff expenses primarily due to the hiring of additional staff in roles that support students and staff.

**Valley Academy for Career and Technology Education  
Management’s Discussion and Analysis (MD&A)  
Year Ended June 30, 2025**

**Government-Wide Financial Analysis**

The following table presents the cost of the District’s major functional activities. The table also shows each function’s net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District’s taxpayers by each of these functions.

	Year Ended June 30, 2025		Year Ended June 30, 2024	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 1,496,672	\$ (1,307,997)	\$ 1,479,677	\$ (1,360,964)
Support services - students and staff	163,057	(153,841)	80,839	(26,313)
Support services - administration	336,567	(333,467)	336,030	(336,030)
Operation and maintenance of plant services	155,436	(136,152)	140,857	(137,131)
Student transportation services	13,101	(13,101)	13,547	(13,547)
Operation of non-instructional services	2,296	9,365	4,557	24,194
Interest on long-term debt	1,659	(1,659)	1,066	(1,887)
<b>Total</b>	<b>\$ 2,168,788</b>	<b>\$ (1,936,852)</b>	<b>\$ 2,056,573</b>	<b>\$ (1,851,678)</b>

- The cost of all governmental activities this year was \$2.2 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$231,936.
- Net cost of governmental activities of \$1.9 million was financed by general revenues, which are made up of primarily property taxes of \$618,583 and state aid of \$1.9 million.

**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 the District’s net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2.9 million, an increase of \$686,467 due primarily to increased unrestricted state aid with more conservative spending compared to the revenue received.

**Valley Academy for Career and Technology Education  
Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2025**

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

The General Fund is the principal operating fund of the District. The increase in fund balance from \$1.9 million to \$2.5 million as of fiscal year end was primarily a result of increased unrestricted aid payments and conservative spending.

The General Fund comprises 88 percent of the total fund balance. Approximately \$2.5 million, or almost 99 percent of the General Fund's fund balance is unassigned.

The Federal and State Grants Fund's fund balance decreased \$1,490, which was not significant.

**Budgetary Highlights**

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student membership and to recognize the carryover that was not included in the adopted budget. The difference between the original budget and the final amended budget was a \$744,712 increase, or 39 percent due to the District's budget carryforward, an increase in ADM, and funding adjustments for 9<sup>th</sup> grade students.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant favorable variance of \$720,534 in instruction expenditures was due to conservative spending and budgeting of the carry forward.

**Capital Assets and Debt Administration**

**Capital Assets.** At year end, the District had invested \$711,535 in capital assets, including software and equipment and intangible right-to-use assets. This amount represents a net increase prior to depreciation of \$382,768 from the prior fiscal year. Total depreciation/amortization expense for the current fiscal year was \$82,784. The net capital asset balance was \$485,232 at June 30, 2025, and \$185,248 at June 30, 2024. The District has no non-depreciable capital assets. Additional information on the District's capital assets can be found in Note 5.

**Debt Administration.** At year end, the District had no outstanding long-term bonded debt.

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2025-26 budget. Among them:

- Fiscal year 2024-25 budget balance carry forward (estimated \$818,027).
- District student enrollment (estimated 296).

**Valley Academy for Career and Technology Education  
Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2025**

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

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund did not change and remained at \$2.6 million in fiscal year 2025-26. State aid and property taxes are expected to be the primary funding sources.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Valley Academy for Career and Technology Education, 3405 E. State Route 89A, Building B, Cottonwood, Arizona 86326.

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## **Basic Financial Statements**

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**Government-Wide Financial Statements**

**Valley Academy for Career and Technology Education**  
**Statement of Net Position**  
**June 30, 2025**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 3,044,046
Property taxes receivable	11,870
Due from governmental entities	55,117
Prepaid items	7,702
Total current assets	3,118,735
Noncurrent assets:	
Net other postemployment benefit plan assets	14,743
Capital assets, net accumulated depreciation	485,232
Total noncurrent assets	499,975
<b>Total assets</b>	<b>3,618,710</b>
 <b>Deferred outflows of resources</b>	
Pension plan items	259,879
Other postemployment benefit plan items	2,799
<b>Total deferred outflows of resources</b>	<b>262,678</b>
 <b>Liabilities</b>	
Current liabilities:	
Accounts payable	23,498
Unearned revenues	223,604
Compensated absences payable	52,987
Leases payable	70,030
Total current liabilities	370,119
Noncurrent liabilities:	
Non-current portion of long-term obligations	837,828
Total noncurrent liabilities	837,828
<b>Total liabilities</b>	<b>1,207,947</b>
 <b>Deferred inflows of resources</b>	
Pension plan items	92,093
Other postemployment benefit plan items	5,358
<b>Total deferred inflows of resources</b>	<b>97,451</b>
 <b>Net position</b>	
Net investment in capital assets	176,917
Restricted for:	
Instruction	306,447
Non-instructional purposes	41,205
Other postemployment benefit plan assets	14,743
Unrestricted	2,036,678
<b>Total net position</b>	<b>\$ 2,575,990</b>

**Valley Academy for Career and Technology Education**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Governmental activities</b>				<b>Governmental Activities</b>	
Instruction	\$ 1,496,672	\$ 109,394	\$ 21,958	\$ 57,323	\$ (1,307,997)
Support services - students and staff	163,057		9,216		(153,841)
Support services - administration	336,567	3,100			(333,467)
Operation and maintenance of plant services	155,436	17,569	1,715		(136,152)
Student transportation services	13,101				(13,101)
Operation of non-instructional services	2,296	11,661			9,365
Interest on long-term debt	1,659				(1,659)
<b>Total governmental activities</b>	<u>\$ 2,168,788</u>	<u>\$ 141,724</u>	<u>\$ 32,889</u>	<u>\$ 57,323</u>	<u>(1,936,852)</u>
<b>General revenues</b>					
Property taxes					618,583
Investment income					133,288
Unrestricted state aid					<u>1,915,415</u>
<b>Total general revenues</b>					<u>2,667,286</u>
<b>Changes in net position</b>					730,434
<b>Net position, beginning of year</b>					<u>1,845,556</u>
<b>Net position, end of year</b>					<u>\$ 2,575,990</u>

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## **Fund Financial Statements**

**Valley Academy for Career and Technology Education**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	General	Federal and State Grants	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 2,496,167	\$ 205,951	\$ 341,928	\$ 3,044,046
Property taxes receivable	11,870			11,870
Due from governmental entities	31,740	18,717	4,660	55,117
Prepaid items	7,702			7,702
<b>Total assets</b>	<u>\$ 2,547,479</u>	<u>\$ 224,668</u>	<u>\$ 346,588</u>	<u>\$ 3,118,735</u>
<b>Liabilities</b>				
Accounts payable	\$ 23,498			\$ 23,498
Unearned revenues		223,604		223,604
<b>Total liabilities</b>	<u>23,498</u>	<u>223,604</u>		<u>247,102</u>
<b>Deferred inflows of resources</b>				
Unavailable revenues - property taxes	6,533			6,533
<b>Total deferred inflows of resources</b>	<u>6,533</u>			<u>6,533</u>
<b>Fund balances</b>				
Nonspendable	7,702			7,702
Restricted		1,064	346,588	347,652
Unassigned	2,509,746			2,509,746
<b>Total fund balances</b>	<u>2,517,448</u>	<u>1,064</u>	<u>346,588</u>	<u>2,865,100</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,547,479</u>	<u>\$ 224,668</u>	<u>\$ 346,588</u>	<u>\$ 3,118,735</u>

**Valley Academy for Career and Technology Education**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2025**

**Total fund balances - governmental funds** **\$ 2,865,100**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 711,535	
Less accumulated depreciation/amortization	<u>(226,303)</u>	
		485,232

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Property taxes	<u>6,533</u>	
		6,533

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions and OPEB	262,678	
Deferred inflows of resources related to pensions and OPEB	<u>(97,451)</u>	
		165,227

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(58,874)	
Leases payable	(308,315)	
OPEB Net Assets	14,743	
Net pension liability	<u>(593,656)</u>	
		<u>(946,102)</u>

**Net position of governmental activities** **\$ 2,575,990**

**Valley Academy for Career and Technology Education**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

	General	Federal and State Grants	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Other local	\$ 165,840	\$ 96	\$ 112,236	\$ 278,172
Property taxes	614,985			614,985
State aid and grants	1,770,457	63,256	144,958	1,978,671
Federal aid, grants and reimbursements		<u>23,796</u>		<u>23,796</u>
<b>Total revenues</b>	<u>2,551,282</u>	<u>87,148</u>	<u>257,194</u>	<u>2,895,624</u>
<b>Expenditures</b>				
Current:				
Instruction	1,277,230	18,798	161,053	1,457,081
Support services - students and staff	140,686	9,216	13,977	163,879
Support services - administration	323,868	1,586	1,746	327,200
Operation and maintenance of plant services	67,706	1,715	24,660	94,081
Capital outlay	376,066	57,323	6,770	440,159
Debt service:				
Principal retirement	54,227		17,674	71,901
Interest and fiscal charges	<u>733</u>		<u>926</u>	<u>1,659</u>
<b>Total expenditures</b>	<u>2,240,516</u>	<u>88,638</u>	<u>226,806</u>	<u>2,555,960</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>310,766</u>	<u>(1,490)</u>	<u>30,388</u>	<u>339,664</u>
<b>Other financing sources (uses)</b>				
Lease agreements	<u>346,803</u>			<u>346,803</u>
<b>Total other financing sources (uses)</b>	<u>346,803</u>			<u>346,803</u>
<b>Changes in fund balances</b>	<u>657,569</u>	<u>(1,490)</u>	<u>30,388</u>	<u>686,467</u>
<b>Fund balances, beginning of year</b>	<u>1,859,879</u>	<u>2,554</u>	<u>316,200</u>	<u>2,178,633</u>
<b>Fund balances, end of year</b>	<u>\$ 2,517,448</u>	<u>\$ 1,064</u>	<u>\$ 346,588</u>	<u>\$ 2,865,100</u>

**Valley Academy for Career and Technology Education  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2025**

**Changes in fund balances - total governmental funds** **\$ 686,467**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.

Expenditures for capitalized assets	\$ 382,768	
Less current year depreciation/amortization	<u>(82,784)</u>	
		299,984

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.

Lease agreements	<u>(346,803)</u>	
		(346,803)

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	<u>3,598</u>	
		3,598

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Lease principal retirement	<u>71,901</u>	
		71,901

Governmental funds report pension and OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability and OPEB asset, adjusted for deferred items, is reported as pension/OPEB expense in the Statement of Activities.

Current year pension contributions and OPEB contributions	61,862	
Pension and OPEB expense	<u>(35,083)</u>	
		26,779

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 governmental funds.

Compensated absences	<u>(11,492)</u>	
		<u>(11,492)</u>

**Changes in net position in governmental activities** **\$ 730,434**

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Valley Academy for Career and Technology Education (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences. Liabilities are recognized for leave that has not been used, as well as leave that has been used but not yet paid in cash or settled through noncash means. The District's analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

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

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

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

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities or fiduciary activities.

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. Taxes, unrestricted federal, state aid, and other items not included among program revenues are reported instead as general revenues.

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

**Government-Wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

**Fund Financial Statements** – 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. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

Property taxes, federal and state aid, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The District reports the following major governmental funds:

General Fund – 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. The General Fund includes the District’s Maintenance and Operation Fund and the Unrestricted Capital Outlay Fund, as well as other funds that do not meet the criteria for separate reporting in the financial statements.

Federal and State Grants Fund – The Federal and State Grants Fund accounts for financial assistance received for federal and state grants and projects.

**D. Cash and Investments**

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes. Interest earned from investments purchased with pooled monies is allocated to each of the District’s funds based on their average balances. All investments are stated at fair value.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements.

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

**G. Property Tax Calendar**

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

**I. Capital Assets**

Capital assets, which include vehicles, furniture, and equipment; and intangible right-to-use assets, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to-use assets are amortized over the shorter of the lease term or the underlying asset's useful life. Amortization of right-to-use assets is included with depreciation expense. The estimated useful lives and amortization periods are as follows:

Vehicles, furniture and equipment	5 – 25 years
Intangible right-to-use assets	3 – 6 years

**J. Deferred Outflows/Inflows of Resources**

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

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

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**K. Compensated Absences**

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered more likely than not to be used or paid are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements.

**L. Leases**

As lessee, the District recognizes lease liabilities with an initial, individual value of \$30,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's uses an interest rate based on the Applicable Federal Rate as the discount rate to measure lease receivables.

**M. Pensions and Other Postemployment Benefits**

For purposes of measuring the net pension liability and other postemployment benefit (OPEB) asset, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension and OPEB plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**N. Long-term Obligations**

In the government-wide financial statements, long-term debt, of which the District currently has none, and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**O. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**P. Net Position Flow Assumption**

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

**Q. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2 – Fund Balance Classifications**

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

***Nonspendable.*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

***Restricted.*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed.*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 2 – Fund Balance Classifications**

**Unassigned.** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the District’s fund balance classifications at year end.

	General	Federal and State Grants	Non-Major Governmental Funds
Fund Balances:			
Nonspendable:			
Prepaid items	\$ 7,702		
Restricted:			
Voter approved initiatives			213,859
Federal and state projects		1,064	
Community schools			35,489
Extracurricular activities			15,011
Gifts and donations			8
Student activities			76,505
Other purposes			5,716
Unassigned	2,509,746		
Total fund balances	\$ 2,517,448	\$ 1,064	\$ 346,588

**Note 3 – Cash and Investments**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$16,309 and the bank balance was \$20,731.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 3 – Cash and Investments**

*Fair Value Measurements.* The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the County Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

At year end, the District’s investments consisted of the following:

	Average	Fair Value
County Treasurer’s investment pool	1.15 years	\$ 3,027,737

*Interest Rate Risk.* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

*Custodial Credit Risk – Investments.* The District’s investment in the County Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 4 – Receivables**

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District’s non-major governmental, and internal service funds in the aggregate were as follows:

	General	Federal and State Grants	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$ 27,931	\$	\$
Due from state government	3,809	18,717	4,660
Net due from governmental entities	\$ 31,740	\$ 18,717	\$ 4,660

**Note 5 – Capital Assets**

A summary of capital asset activity for the current fiscal year follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<u>Governmental Activities</u>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 7,828	\$	\$	\$ 7,828
Vehicles, furniture and equipment	271,076	35,965		307,041
Right-to-use leased buildings and improvements	49,863	346,803		396,666
Total capital assets being depreciated	328,767	382,768		711,535
Less accumulated depreciation for:				
Buildings and improvements	(783)	(783)		(1,566)
Vehicles, furniture and equipment	(126,115)	(7,579)		(133,694)
Right-to-use leased buildings and improvements	(16,621)	(74,422)		(91,043)
Total accumulated depreciation	(143,519)	(82,784)		(226,303)
Governmental activities capital assets, net	\$ 185,248	\$ 299,984	\$	\$ 485,232

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 20,795
Support services – administration	1,208
Operation and maintenance of plant services	58,584
Student transportation services	2,197
Total depreciation expense – governmental activities	\$ 82,784

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 6 – Short Term Debt – Revolving Line of Credit**

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$200,000 in unused line of credit.

**Note 7 – Leases Payable**

The District has acquired space for the cosmetology program under the provisions of a contract classified as a lease. The related obligation under the lease agreement has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Other Special Revenue Fund, a non-major governmental fund, are used to pay the lease obligation. Amortization of right-to-use assets recorded under leases is included with depreciation expense. The agreement has an automatic renewal for an additional two years with a mutual agreement option to extend up to two more years after that. Additionally, the District has acquired space for the District office and classroom space under the provisions of a contract classified as a lease. The related obligation under the lease agreement has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund, a major governmental fund are used to pay the lease obligation. The agreement has an automatic renewal for an additional two years with a mutual agreement option to extend up to two more years after that.

The net present value and future minimum lease payments at year end were as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 70,030	\$ 930
2027	57,670	530
2028	57,815	385
2029	61,323	237
2030	61,477	83
Total	\$ 308,315	\$ 2,165

The right-to-use assets recorded under leases that meet the District’s capitalization threshold are as follows:

	Governmental Activities
Asset:	
Building improvements	\$ 396,666
Less: Accumulated amortization	91,043
Total	\$ 305,623

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 8 – Changes in Long-Term Liabilities**

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Leases payable	\$ 33,413	\$ 346,803	\$ 71,901	\$ 308,315	\$ 70,030
Net pension liability	351,137	242,519		593,656	
Compensated absences payable	47,382	11,492		58,874	52,987
Total long-term liabilities	<u>\$ 431,932</u>	<u>\$ 600,814</u>	<u>\$ 71,901</u>	<u>\$ 960,845</u>	<u>\$ 123,017</u>

**Note 9 – Contingent Liabilities**

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**Note 10 – Risk Management**

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, 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 Kairos Health Arizona, Inc. (Kairos). Kairos Health is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to Kairos Health for employees' health and accident insurance coverage. The agreement provides that Kairos Health will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the 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.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 11 – Pensions**

**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) plan, 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. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**Aggregate Amounts.** At June 30, 2025, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB	Total
Net assets	\$ 593,656	\$ 14,743	\$ 14,743
Net liability	593,656		593,656
Deferred outflows of resources	259,879	2,799	262,678
Deferred inflows of resources	92,093	5,358	97,451
Expense	36,477	(1,394)	35,083
Contributions	61,504	358	61,862

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District’s financial statements.

**Benefits Provided.** The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 11 – Pensions**

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 current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 percent 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 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2025 were \$61,504.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.19 percent (10.14 for retirement and 0.05 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension plan contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

**Pension Liability.** The net pension liability was measured as of June 30, 2024. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024. The District's proportion of the net liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2024.

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 11 – Pensions**

At June 30, 2024, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2024, the District’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2023 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 593,656	0.004	0.002

**Pension Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2025 was \$36,477.

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,137	\$
Net difference between projected and actual earnings on pension investments		37,911
Changes in proportion and differences between contributions and proportionate share of contributions	165,238	54,182
Contributions subsequent to the measurement date	61,504	
Total	\$ 259,879	\$ 92,093

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2026	\$ 15,526
2027	107,310
2028	(9,597)
2029	(6,957)

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 11 – Pensions**

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

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	4.48%
Credit	23%	4.40
Interest rate sensitive	6%	(.45)
Private equity	10%	6.11
Real estate	17%	6.05
Total	100%	

**Valley Academy for Career and Technology Education**  
**Notes To Financial Statements**  
**June 30, 2025**

**Note 11 – Pensions**

**Discount Rate.** The discount rate used to measure the total pension liability was 7.0 percent. 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 statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 909,008	\$ 593,656	\$ 330,837

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**Required Supplementary Information**

**Valley Academy for Career and Technology Education**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other local	\$	\$	\$ 48,776	\$ 48,776
Property taxes			543,394	543,394
State aid and grants			1,551,440	1,551,440
<b>Total revenues</b>			<u>2,143,610</u>	<u>2,143,610</u>
<b>Expenditures</b>				
Current:				
Instruction	1,311,504	1,997,764	1,277,230	720,534
Support services - students and staff	129,579	161,500	140,686	20,814
Support services - administration	346,509	362,403	313,970	48,433
Operation and maintenance of plant services	128,063	138,700	63,172	75,528
Debt service:				
Principal retirement			54,227	(54,227)
Interest and fiscal charges			733	(733)
<b>Total expenditures</b>	<u>1,915,655</u>	<u>2,660,367</u>	<u>1,850,018</u>	<u>810,349</u>
<b>Changes in fund balances</b>	<u>(1,915,655)</u>	<u>(2,660,367)</u>	<u>293,592</u>	<u>2,953,959</u>
<b>Fund balances, beginning of year</b>			<u>727,812</u>	<u>727,812</u>
<b>Fund balances, end of year</b>	<u>\$ (1,915,655)</u>	<u>\$ (2,660,367)</u>	<u>\$ 1,021,404</u>	<u>\$ 3,681,771</u>

**Valley Academy for Career and Technology Education**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Federal and State Grants**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other local	\$	\$	\$ 96	\$ 96
State aid and grants			63,256	63,256
Federal aid, grants and reimbursements			23,796	23,796
<b>Total revenues</b>			<u>87,148</u>	<u>87,148</u>
<b>Expenditures</b>				
Current:				
Instruction	58,862	54,620	18,798	35,822
Support services - students and staff	28,858	26,778	9,216	17,562
Support services - administration	4,966	4,608	1,586	3,022
Operation and maintenance of plant services	5,370	4,983	1,715	3,268
Capital outlay	179,494	166,560	57,323	109,237
<b>Total expenditures</b>	<u>277,550</u>	<u>257,550</u>	<u>88,638</u>	<u>168,912</u>
<b>Changes in fund balances</b>	<u>(277,550)</u>	<u>(257,550)</u>	<u>(1,490)</u>	<u>256,060</u>
<b>Fund balances, beginning of year</b>			<u>2,554</u>	<u>2,554</u>
<b>Fund balances, end of year</b>	<u>\$ (277,550)</u>	<u>\$ (257,550)</u>	<u>\$ 1,064</u>	<u>\$ 258,614</u>

**Valley Academy for Career and Technology Education**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Arizona State Retirement System**  
**Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
District's proportion of the net pension (assets) liability	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension (assets) liability	\$ 593,656	\$ 351,137	\$ 550,059	\$ 543,978
District's covered payroll	\$ 527,357	\$ 286,544	\$ 405,212	\$ 464,618
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	112.57%	122.54%	135.75%	117.08%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%

**Schedule of Pension Contributions**  
**Arizona State Retirement System**  
**Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 61,504	\$ 63,441	\$ 34,156	\$ 48,666
Contributions in relation to the actuarially determined contribution	61,504	63,441	34,156	48,666
Contribution deficiency (excess)	\$	\$	\$	\$
District's covered payroll	\$ 510,407	\$ 527,357	\$ 286,544	\$ 405,212
Contributions as a percentage of covered payroll	12.05%	12.03%	11.92%	12.01%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 644,547	\$ 509,291	\$ 463,023	\$ 443,974	\$ 540,724	\$ 533,900
\$ 405,878	\$ 369,767	\$ 329,569	\$ 295,538	\$ 284,525	\$ 316,107
158.80%	137.73%	140.49%	150.23%	190.04%	168.90%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 54,128	\$ 46,473	\$ 41,340	\$ 35,923	\$ 31,859	\$ 30,871
54,128	46,473	41,340	35,923	31,859	30,871
\$	\$	\$	\$	\$	\$
\$ 464,618	\$ 405,878	\$ 369,767	\$ 329,569	\$ 295,538	\$ 284,525
11.65%	11.45%	11.18%	10.90%	10.78%	10.85%

**Valley Academy for Career and Technology Education**  
**Notes to Required Supplementary Information**  
**June 30, 2025**

**Note 1 – Budgetary Basis of Accounting**

The District’s budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following item.

- Present value of net minimum lease payments is not budgeted at the inception of the agreement.

Additionally, the General Fund includes the Maintenance and Operations Fund and other funds that do not meet the criteria for separate reporting in the financial statements. Arizona Revised Statutes requires the Maintenance and Operations Fund budget, and therefore these other funds must be subtracted to present only the activity of the Maintenance and Operations Fund.

The following schedule reconciles expenditures and fund balances at the end of year:

	<u>Total</u>	<u>Fund</u>
	<u>Expenditures</u>	<u>Balances</u>
		<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances - Governmental Funds	\$ 2,240,516	\$ 2,517,448
Other funds presented in the General Fund	(43,695)	(1,496,044)
Present value of lease payments	<u>(346,803)</u>	
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 1,850,018</u>	<u>\$ 1,021,404</u>

**Note 2 – Pension Plan Schedules**

**Actuarial Assumptions for Valuations Performed.** The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

## **Supplementary Information**

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## **Governmental Funds**

**Valley Academy for Career and Technology Education**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Classroom Site**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other local	\$	\$	\$ 8,770	\$ 8,770
State aid and grants			135,182	135,182
<b>Total revenues</b>			<u>143,952</u>	<u>143,952</u>
<b>Expenditures</b>				
Current:				
Instruction	236,905	219,260	99,099	120,161
Support services - students and staff		48,000	13,977	34,023
<b>Total expenditures</b>	<u>236,905</u>	<u>267,260</u>	<u>113,076</u>	<u>154,184</u>
<b>Changes in fund balances</b>	<u>(236,905)</u>	<u>(267,260)</u>	<u>30,876</u>	<u>298,136</u>
<b>Fund balances, beginning of year</b>			<u>135,415</u>	<u>135,415</u>
<b>Fund balances, end of year</b>	<u>\$ (236,905)</u>	<u>\$ (267,260)</u>	<u>\$ 166,291</u>	<u>\$ 433,551</u>

**Valley Academy for Career and Technology Education**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Instructional Improvement**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other local	\$	\$	\$ 2,120	\$ 2,120
State aid and grants			9,776	9,776
<b>Total revenues</b>			<u>11,896</u>	<u>11,896</u>
<b>Expenditures</b>				
Current:				
Instruction	<u>32,296</u>	<u>45,000</u>		<u>45,000</u>
<b>Total expenditures</b>	<u>32,296</u>	<u>45,000</u>		<u>45,000</u>
<b>Changes in fund balances</b>	<u>(32,296)</u>	<u>(45,000)</u>	<u>11,896</u>	<u>56,896</u>
<b>Fund balances, beginning of year</b>			<u>35,672</u>	<u>35,672</u>
<b>Fund balances, end of year</b>	<u>\$ (32,296)</u>	<u>\$ (45,000)</u>	<u>\$ 47,568</u>	<u>\$ 92,568</u>

**Valley Academy for Career and Technology Education**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Other Special Revenue**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other local	\$	\$	\$ 101,346	\$ 101,346
<b>Total revenues</b>			<u>101,346</u>	<u>101,346</u>
<b>Expenditures</b>				
Current:				
Instruction	84,479	99,296	61,954	37,342
Support services - administration	2,381	2,798	1,746	1,052
Operation and maintenance of plant services	33,626	39,524	24,660	14,864
Capital outlay	9,231	10,851	6,770	4,081
Debt service:				
Principal retirement	24,100	28,327	17,674	10,653
Interest and fiscal charges	1,263	1,484	926	558
<b>Total expenditures</b>	<u>155,080</u>	<u>182,280</u>	<u>113,730</u>	<u>68,550</u>
<b>Changes in fund balances</b>	<u>(155,080)</u>	<u>(182,280)</u>	<u>(12,384)</u>	<u>169,896</u>
<b>Fund balances, beginning of year</b>			<u>145,113</u>	<u>145,113</u>
<b>Fund balances, end of year</b>	<u>\$ (155,080)</u>	<u>\$ (182,280)</u>	<u>\$ 132,729</u>	<u>\$ 315,009</u>

**Report on Internal Control  
and on Compliance**

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**Independent Auditor’s Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

Governing Board  
Valley Academy for Career and Technology Education

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Academy for Career and Technology Education, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Valley Academy for Career and Technology Education’s basic financial statements, and have issued our report thereon dated March 25, 2026. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Flagstaff, Arizona  
March 25, 2026