

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: See “RATING” herein.

INSURANCE: See “BOND INSURANCE AND RELATED RISK FACTORS” herein.

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District (as defined herein), as mentioned under “TAX EXEMPTION” herein, interest income on the Bonds (as defined herein) is excludable from gross income for federal income tax purposes. Interest income on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See “TAX EXEMPTION,” “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM” herein.

The Governing Board (as defined herein) has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, which relates to the ability of certain financial institutions to deduct interest expense allocable to holding and carrying tax-exempt obligations for federal income tax purposes. The Governing Board, through one or more of its representatives, will represent and warrant that it does not reasonably anticipate that the aggregate amount of tax-exempt obligations that will be issued by or on behalf of the District in calendar year 2026 will exceed \$10,000,000. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.

\$7,000,000*

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
OF APACHE COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS, PROJECT OF 2023, SERIES B (2026)
(BANK QUALIFIED)**

Dated: Date of Initial Authentication and Delivery

Due: July 1, as shown on the inside front cover page

The School Improvement Bonds, Project of 2023, Series B (2026) (the “Bonds”) of Round Valley Unified School District No. 10 of Apache County, Arizona (the “District”), will be issued in the form of fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Beneficial ownership interests in the Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date to their maturity as set forth on the inside front cover page. Interest on the Bonds will accrue from the date of delivery and will be payable semiannually on January 1 and July 1 of each year commencing on January 1, 2027*, until maturity.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The District will initially utilize DTC’s “book-entry-only system,” although the District and DTC each reserve the right to discontinue the book-entry-only system at any time. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect, a single fully registered Bond, for each maturity of the Bonds, will be registered in the name of Cede & Co., as nominee of DTC, on the registration books maintained by U.S. Bank Trust Company, National Association, the initial bond registrar and paying agent for the Bonds. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the beneficial owners of the Bonds (the “Beneficial Owners”). So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein (except under the headings “TAX EXEMPTION,” “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM”) to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX H – “BOOK-ENTRY-ONLY SYSTEM” herein.

The Bonds will not be subject to redemption by the District prior to their stated maturity dates.

INVESTMENT IN THE BONDS INVOLVES CERTAIN CONSIDERATIONS. SEE “INVESTMENT CONSIDERATIONS” HEREIN.

Principal of and interest on the Bonds will be payable from a continuing, direct, annual, *ad valorem* tax levied against all taxable property located within the boundaries of the District as more fully described herein. The Bonds will be payable from such tax without limit as to rate or amount. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Bonds will be offered when, as and if issued by the District and received by the underwriter identified below (the “Underwriter”), subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about May 21, 2026*.

This cover page contains certain information with respect to the Bonds for convenience of reference only. It is not a summary of the series of which the Bonds are a part. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

* Subject to change.

\$7,000,000*
ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
OF APACHE COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS, PROJECT OF 2023, SERIES B (2026)
(BANK QUALIFIED)

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No. 037447
2028	\$ 1,060,000	%	%	
2029	1,035,000			
2030	1,005,000			
2031	1,295,000			
2032	605,000			
2033	635,000			
2034	665,000			
2035	700,000			

* Subject to change.

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REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by Round Valley Unified School District No. 10 of Apache County, Arizona (the “District”) or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the District’s School Improvement Bonds, Project of 2023, Series B (2026) (the “Bonds”) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the District, the Arizona Department of Revenue, the Assessor of Apache County, Arizona, Office of Budget and Finance and Treasurer of Apache County, Arizona, and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

None of the District, the Underwriter, counsel to the Underwriter or Bond Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the District’s share of the unfunded liabilities of the Arizona State Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX G – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

\$7,000,000*
ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
OF APACHE COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS, PROJECT OF 2023, SERIES B (2026)
(BANK QUALIFIED)

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been prepared at the direction of Round Valley Unified School District No. 10 of Apache County, Arizona (the “District”), in connection with the issuance of \$7,000,000* aggregate principal amount of bonds designated School Improvement Bonds, Project of 2023, Series B (2026) (the “Bonds”). Certain information concerning the authorization, purpose, terms, conditions of sale and sources of payment of and security for the Bonds is stated in this Official Statement. See APPENDIX A – “THE DISTRICT – DISTRICT INFORMATION” and APPENDIX B – “THE DISTRICT – FINANCIAL INFORMATION” for certain information about the District.

Reference to provisions of State of Arizona (the “State” or “Arizona”) law, whether codified in the Arizona Revised Statutes, or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or beneficial owners of the Bonds.

THE BONDS

Authorization and Purpose

The Bonds will be issued, executed and delivered pursuant to the Arizona Constitution and the laws of the State, including particularly Title 15, Chapter 9, Article 7, Arizona Revised Statutes, a vote of the qualified electors of the District at the election held on November 7, 2023 (the “Election”), and a resolution adopted by the Governing Board of the District (the “Governing Board”) on March 18, 2026 (the “Bond Resolution”).

The Bonds represent the second and final installment of an aggregate voted principal amount of \$15,000,000 of school improvement bonds authorized at the Election. Proceeds from the sale of the Bonds will be used to (i) purchase pupil transportation vehicles; (ii) make school renovations and upgrades (including parking; classroom modernization; furniture, technology and equipment; facilities improvements; dome upgrades and security upgrades); and (iii) pay the costs incurred in connection with the issuance of the Bonds. After the issuance of the Bonds, the District will have no remaining voter authorization for school improvement bonds from the Election*.

Bonds payable from the same source as the Bonds are outstanding and additional bonds payable from the same source as the Bonds may be issued in the future pursuant to authority approved at future elections in and for the District. See TABLES 1 and 14 herein for information concerning the District’s currently outstanding bonds, which are payable from the same source as the Bonds.

* *Subject to change. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued bonds for State voter authorization and debt limit purposes.*

Terms of the Bonds – Generally

The Bonds will be dated the date of delivery and will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), under the book-entry-only system described herein (the “Book-Entry-Only System”). See APPENDIX H – “BOOK-ENTRY-ONLY SYSTEM.” The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date at the rates set forth on the inside front cover page of this Official Statement. Beneficial ownership interests in the Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. Interest on the Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2027* (each an “Interest Payment Date”), until maturity. The District has chosen the fifteenth day of the month preceding each Interest Payment Date as the “Record Date” for the Bonds. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

See “TAX EXEMPTION,” “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM” herein for a discussion of the treatment of interest income on the Bonds for federal and State income tax purposes.

Bond Registrar and Paying Agent

U.S. Bank Trust Company, National Association, will serve as the initial bond registrar, transfer agent and paying agent (the “Bond Registrar and Paying Agent”) for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

No Prior Redemption

The Bonds will not be subject to redemption prior to their stated maturity dates.

Registration and Transfer When Book-Entry-Only System Has Been Discontinued

If the Book-Entry-Only System is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity and rate of interest as the surrendered Bond or Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent’s requirements for transfer are met. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds during the period from the Record Date to and including the respective Interest Payment Date. The transferor will be responsible for all transfer fees, taxes, fees and any other costs relating to the transfer of ownership of individual Bonds.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

For the purpose of paying the principal of and interest on the Bonds and costs of administration of the Bonds, the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The Bonds will be payable from such tax without limit as to rate or amount. The taxes will be levied, assessed and collected at the same time and in the same manner as other similar taxes are levied, assessed and collected. For information concerning the *ad valorem* property tax levy and collection procedures, see APPENDIX B – “THE DISTRICT – FINANCIAL INFORMATION – PROPERTY TAXES.”

* *Subject to change.*

Defeasance

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of monies or obligations issued or guaranteed by the United States of America (“Defeasance Obligations”) or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the monies and Defeasance Obligations deposited in trust.

Investment of Debt Service Funds

Following collection and deposit of the proceeds of the taxes into a debt service fund (the “Debt Service Fund”) of the District held by the Treasurer of Apache County, Arizona (the “County”), the District will instruct the Treasurer of the County, as ex officio Treasurer of the District, to invest the monies credited to the Debt Service Fund in accordance with Title 15, Chapter 9, Article 7, Arizona Revised Statutes. The District is statutorily permitted to invest monies in the Debt Service Fund only in the investments set forth in Section 15-1025, Arizona Revised Statutes, which include, with certain restrictions, bonds issued or guaranteed by the United States of America (the “United States”) or any of its agencies or instrumentalities when such obligations are guaranteed as to principal and interest by the United States or by any agency or instrumentality thereof, bonds of the State or any Arizona county, city, town, or school district, certain bonds of any Arizona county, municipality or municipal district utility, certain bonds of any Arizona municipal improvement district, federally insured savings accounts or certificates of deposit, and bonds issued by federal land banks, federal intermediate credit banks, or banks for cooperatives and certain certificates of deposit (pursuant to Section 35-323.01, Arizona Revised Statutes). All earnings derived from such investments are credited to the Debt Service Fund. The statutes governing investment of monies in the Debt Service Fund are subject to change. The District does not monitor the manner in which the Treasurer of the County invests monies in the Debt Service Fund.

Except to the extent any Bond proceeds are deposited to the Debt Service Fund and except as otherwise described above, neither the proceeds of the sale of the Bonds nor any school property of the District (including that financed with the proceeds of the sale of the Bonds) are security for, or a source of payment of principal of or interest on the Bonds.

STATE CONSTITUTIONAL LIMITATION ON EXPENDITURES

Pursuant to Article 9, Section 21, Arizona Constitution (the “AEL Provision”), Arizona public school districts are subject to an aggregate expenditure limitation (the “Aggregate Expenditure Limitation”), determined annually by the State Economic Estimates Commission. The aggregate expenditure of revenues described in the AEL Provision for all public school districts, determined annually by November 1 of each year by the Arizona Department of Education (“ADE”), may only exceed the Aggregate Expenditure Limitation if authorized by the State legislature (the “Legislature”) for a single fiscal year, by concurrent resolution, upon affirmative vote of two-thirds of the membership of each house of the Legislature (the “Override”) by March 1 of the fiscal year. Certain public school district revenues, including federal grants and budget overrides, are not subject to the Aggregate Expenditure Limitation. In prior fiscal years, public school districts have either not exceeded the Aggregate Expenditure Limitation or have exceeded the Aggregate Expenditure Limitation with Override authorization from the Legislature.

If the Legislature does not pass the Override (if needed) in a fiscal year, public school districts, including the District, would be required to reduce fiscal year budgeted expenditures by April 1 of such year. Each public school district is responsible for the manner in which it would deal with a required pro-rata reduction of relevant aggregate expenditures. Actions like furloughs, a hiring freeze, salary reductions, shifting from in-person to remote instruction and using available fund balances are various options considered by school districts in Arizona. There is a range of outcomes in future fiscal years that could be achieved by the District by taking some or all of the actions described in the immediately preceding sentence (or other, similar actions). Certain actions would allow the District to continue regular operations while other actions could result in significantly reduced operations of the District.

Based on a report of ADE, the Aggregate Expenditure Limitation would have been exceeded by approximately \$1.164 billion (13.83%) in fiscal year 2025/26. On June 27, 2025, the Legislature passed the Override providing public school districts with the authority to spend amounts as budgeted for the current fiscal year (2025/26) and for the next fiscal year (2026/27).

Even with the approval of the Override by the Legislature for fiscal years through 2026/27, it is expected that school districts will continue to exceed the Aggregate Expenditure Limitation in future fiscal years. The Legislature will need to pass separate Overrides in and for such future fiscal years unless, by State voter approval at a General Election to be held in November 2026 or thereafter, the AEL Provision is repealed or amended to permit a more permanent increase in the Aggregate Expenditure Limitation.

As stated elsewhere herein, the Bonds will be payable from a continuing, direct, annual ad valorem tax levied against all taxable property within the District, unlimited as to rate and amount. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.” Although the Legislature's failure to pass an Override in future fiscal years (if needed) could have the budgetary consequences described above, it would not directly affect the levy and collection of property taxes in the District, the security and source of payment for the Bonds. In addition, the Aggregate Expenditure Limitation does not apply to payment of debt service on long-term obligations of the District, including the Bonds. An investment in the Bonds should be made only after due consideration of the foregoing.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Governing Board has authorized a representative to designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”), which relates to the ability of certain financial institutions to deduct interest expense allocable to holding and carrying tax-exempt obligations for federal income tax purposes. The Governing Board of the District has represented and warranted that it does not anticipate that the aggregate amount of tax-exempt obligations that will be issued by or on behalf of the District in calendar year 2026 will exceed \$10,000,000.

INVESTMENT CONSIDERATIONS

Each prospective investor should make an independent evaluation of all the information presented in this Official Statement, including, but not limited to, those issues discussed under this heading, to obtain information essential to the making of an informed investment decision with respect to the Bonds. Because of the dependence on Unisource (as defined herein) and Tri-State (as defined herein) for payment of material amounts of property taxes that are the source of payment of debt service on the Bonds, investment in the Bonds should be made only after due consideration of (a) factors intrinsic to the electrical generation industry and the business, operational and financial condition of Unisource and Tri-State, including the planned conversion or retirement of electrical generation units at the below-described Springerville Generating Station, (b) the effect that a delay or shortfall in payment of property taxes by either may have on the payment of debt service on the Bonds, (c) future reductions in the assessment ratio for utility properties, and (d) the effect the foregoing factors could have on the secondary market for the Bonds.

Concentration of Property Type and Ownership; Springerville Generating Station

As shown below, for fiscal year 2025/26, two of the largest taxpayers in the District, representing over 74.1% of the Net Limited Assessed Property Value (as defined herein) in the District, are utility operators related to the Springerville Generating Station. Therefore, there exists a significant level of concentration of property type and taxpayers within the District.

Major Taxpayer	2025/26 Net Limited Assessed Property Value	As % of 2025/26 Net Limited Assessed Property Value
Unisource Energy Corporation	\$ 145,886,844	45.03%
Tri-State Generation & Transmission	94,377,320	29.13
Navopache Electric Co-Op Inc (T&D)	2,063,891	0.64
Citizens Telecomm of White Mtns	2,036,730	0.63
Navajo Communications Co Inc	1,449,260	0.45
El Paso Electric Co (T&D)	1,019,874	0.31
TEP Springerville Arizona LLC	393,777	0.12
Arizona Structural Laminators	316,168	0.10
Sal Hospitality LLC	264,733	0.08
Public Service Company of New Mexico	255,930	0.08
	\$ 248,064,527	76.57%

Located within the District’s boundaries is the Springerville Generating Station, which is comprised of four electrical generation units with combined electrical generation capacity of approximately 1,625 megawatts⁽¹⁾.

Units 1 and 2 became operational in 1985 and 1990, respectively, Unit 1 has an electrical generation capacity of approximately 387 megawatts, Unit 2 has an electrical generation capacity of approximately 406 megawatts, and both units are owned by Unisource Energy Corporation (“Unisource”), the parent company to Tucson Electric Power, the principal provider of electric power to customers in southern Arizona⁽¹⁾.

Unit 3 became operational in 2006, has an electrical generation capacity of approximately 415 megawatts, and is owned by Tri-State Generation and Transmission Association, Inc. (“Tri-State”), a wholesale electric power supplier serving electric cooperatives throughout Colorado, Nebraska, New Mexico and Wyoming⁽¹⁾.

Unit 4 became operational in 2009, has an electrical generation capacity of approximately 417 megawatts, and is owned by Salt River Project Agricultural Improvement and Power District (“SRP”) ⁽¹⁾. SRP is a quasi-governmental entity that is a major provider of electric power to communities comprising and surrounding metropolitan Phoenix, Arizona. The assessed value of property owned by SRP is not included in the assessed value of the District or in any other valuation information set forth in this Official Statement. Because of SRP’s quasi-governmental nature, property owned by SRP is exempt from property taxation. However, pursuant to legislation effective since 1964, Title 48,

⁽¹⁾ Source: Tucson Electric Power 2023 Integrated Resource Plan, dated November 1, 2023 (the “2023 IRP”). The 2023 IRP is available upon request from the Underwriter (as defined herein) and also available at <https://docs.tep.com/wp-content/uploads/2023-TEP-IRP.pdf>. The linked information has not been reviewed on behalf of the District for materiality and is provided only in connection with review of the records and other information available upon request from the Underwriter, as provided herein. The linked information may not be subject to updating and should be considered with an abundance of caution. In that regard, Tucson Electric Power updates its integrated resource plan every three years. Per Tucson Electric Power’s website, an updated integrated resource plan is expected to be released in the second half of 2026.

Article 1, Chapter 8, Arizona Revised Statutes, SRP may elect each year to make voluntary contributions in lieu of property taxes with respect to certain of its electrical facilities, including those located at the Springerville Generating Station. If SRP elects to make the in lieu contribution for a year, the Full Cash Value and the Limited Property Value (each as defined herein), as applicable, of the portion of the Springerville Generating Station owned by SRP is determined in the same manner as for similar non-governmental public utility property, but reduced by certain statutory special deductions allowed to SRP, which results in the in lieu payments being lower than the property taxes that would otherwise have been owed. If SRP elected not to make such in lieu contributions, the District would be required to contribute funds from other sources or levy an increased tax rate on all other taxable property to provide sufficient amounts to pay debt service on the Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer of the County and the District have no recourse against the property of SRP and there may be a delay in the payment of that portion of the debt service on the Bonds that would have been paid by SRP's in lieu contribution. Since 1964, SRP has always elected to make its annual in lieu contributions.

District Property Tax Payments and in Lieu Contributions Highly Concentrated in Unisource, Tri-State and SRP

As shown in the table above, the Net Limited Assessed Property Value of property owned by Unisource within the District for fiscal year 2025/26 is approximately \$145.8 million, which is approximately 45.0% of the approximately \$323.9 million Net Limited Assessed Property Value of all taxable property within the District for fiscal year 2025/26. As shown in the table above, the Net Limited Assessed Property Value of property owned by Tri-State within the District for fiscal year 2025/26 is approximately \$94.3 million, which is approximately 29.1% of the approximately \$323.9 million Net Limited Assessed Property Value of all taxable property within the District for fiscal year 2025/26. As such, the combined Net Limited Assessed Property Value of property owned by Unisource and Tri-State is approximately 74.1% of the Net Limited Assessed Property Value of all taxable property within the District for fiscal year 2025/26.

As described above, because of SRP's quasi-governmental nature, property owned by SRP is exempt from property taxation. The limited property value equivalent of the SRP property in the District for fiscal year 2025/26 is approximately \$69.2 million, which is approximately 17.6% of the Net Limited Assessed Property Value of all taxable property within the District for fiscal year 2025/26. The estimated fiscal year 2026/27 Net Limited Assessed Property Value equivalent of SRP within the District is \$63,001,000, which represents approximately 17.13% of the estimated combined fiscal year 2026/27 Net Limited Assessed Property Value in the District.

The total Net Limited Assessed Property Value of taxable property within the District other than that owned by Unisource and Tri-State is approximately \$83.7 million for fiscal year 2025/26. After issuance of the Bonds, the District will have \$12.4* million principal amount of general obligation bonded indebtedness outstanding and no remaining voter authorization from the Election. There are not any current plans for future bond elections in and for the District. No jurisdictions that overlap the District have outstanding general obligation bonded indebtedness as of the date of this Official Statement, though such indebtedness could be authorized and issued by certain of such overlapping jurisdictions in the future. For descriptions of the Net Limited Assessed Property Value by property classification within the District and the total net direct and overlapping general obligation bonded indebtedness after issuance of the Bonds, see TABLE 9 and TABLE 17 herein.

Planned Conversion and Retirement of Units at Springerville Generating Station; Additional Information

Despite the 2023 IRP calling for retirement of Springerville Generating Station Units 1 and 2 in 2027 and 2032, respectively, Tucson Electric Power plans to convert Units 1 and 2 from coal-fired to natural gas-fired boilers by 2030, keeping such units operational⁽¹⁾. The Board of Directors of the Arizona Corporation Commission (the “ACC”), an Arizona commission that, among other functions, regulates public utilities in Arizona, approved such conversion of Units 1 and 2 on March 3, 2026⁽²⁾.

In November 2025, the Board of Directors of SRP approved conversion of Springerville Generating Station Unit 4 from coal-fired to natural gas-fired boilers⁽³⁾. Such conversion, which will require approval from the ACC, is expected to be completed in December 2029⁽⁴⁾.

Tri-State plans to retire Springerville Generating Station Unit 3 by September 15, 2031⁽⁵⁾, prior to the final maturity of the Bonds.

Retirement of Springerville Generating Station Unit 3 is expected to result in a significant reduction in the overall Net Limited Assessed Property Value in the District. In order to compensate for any decrease in the Net Limited Assessed Property Value in the District because of such retirement of Springerville Generating Station Unit 3, an increase in the property tax rate will be necessary to provide sufficient tax levies to pay the debt service on the Bonds. This

* *Subject to change.*

⁽¹⁾ *Source: Tucson Electric Power Press Release, July 2025. Such Press Release is available upon request from the Underwriter and also available at <https://www.tep.com/news/tep-to-convert-coal-fired-springerville-generating-station-units-to-natural-gas/>. The linked information has not been reviewed on behalf of the District for materiality and is provided only in connection with review of the records and other information available upon request from the Underwriter, as provided herein. The linked information may not be subject to updating and should be considered with an abundance of caution.*

⁽²⁾ *Source: ACC Press Release, dated March 4, 2026. Such Press Release is available upon request from the Underwriter and also available at <https://azcc.gov/news/home/2026/03/04/commissioner-thompson-votes-to-convert-springerville-and-coronado-generating-stations-to-natural-gas>. The linked information has not been reviewed on behalf of the District for materiality and is provided only in connection with review of the records and other information available upon request from the Underwriter, as provided herein. The linked information may not be subject to updating and should be considered with an abundance of caution.*

⁽³⁾ *Source: SRP Press Release, dated November 3, 2025. Such Press Release is available upon request from the Underwriter and also available at <https://media.srpnet.com/srp-board-of-directors-approves-converting-springerville-unit-4-to-natural-gas/>. The linked information has not been reviewed on behalf of the District for materiality and is provided only in connection with review of the records and other information available upon request from the Underwriter, as provided herein. The linked information may not be subject to updating and should be considered with an abundance of caution.*

⁽⁴⁾ *Source: SRP Coal Communities Transition page. Such information is available upon request from the Underwriter and also available at <https://www.srpnet.com/grid-water-management/grid-management/improvement-projects/coal-communities-transition>. The linked information has not been reviewed on behalf of the District for materiality and is provided only in connection with review of the records and other information available upon request from the Underwriter, as provided herein. The linked information may not be subject to updating and should be considered with an abundance of caution.*

⁽⁵⁾ *Source: Tri-State Press Release, dated December 1, 2023. Such Press Release is available upon request from the Underwriter and also available at <https://tristate.coop/tri-state-accelerates-clean-energy-transition>. The linked information has not been reviewed on behalf of the District for materiality and is provided only in connection with review of the records and other information available upon request from the Underwriter, as provided herein. The linked information may not be subject to updating and should be considered with an abundance of caution.*

increase will have the effect of shifting the corresponding tax burden to property owners other than Tri-State (or future owners of the units at the Springerville Generating Station). The District's ability to pay debt service on the Bonds in a timely manner could be adversely affected by the planned retirement of Springerville Generating Station Unit 3. Notwithstanding the foregoing and as shown in TABLE 1, debt service on the Bonds has been structured to decrease in fiscal years after fiscal year 2030/31*, prior to the planned retirement date of Springerville Generating Station Unit 3, to mitigate this potential related increase in the property tax rate. There can be no assurance that the dates referenced in this subheading will not be accelerated or delayed.

For detailed information on the operations and financial condition of Unisource and Tri-State, see the documents filed with the Securities and Exchange Commission (the "Commission") by them pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such documents may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, such filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. Such filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. For detailed information on the operations and financial condition of SRP, see the information available at <https://www.srpnet.com/about/reports>. No representatives of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined any of the referenced filings or information for accuracy or completeness, nor do they assume responsibility for the same.

No representatives of the District, the Underwriter, Bond Counsel, or counsel to the Underwriter are able to determine or predict the aggregate effect of the planned conversion or retirement of the various Springerville Generating Station units, but it could be material and adverse. An investment in the Bonds should be made only after due consideration of the information under this heading, "INVESTMENT CONSIDERATIONS."

Assessment Ratios

As described in greater detail in APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION – PROPERTY TAXES," all property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the "Limited Assessed Property Value" and the "Full Cash Assessed Value," respectively. At least 75.3% of the Net Limited Assessed Property Value of all taxable property within the District for fiscal year 2025/26 is comprised of utility/industrial properties. Future reductions in the assessment ratio for utility/industrial properties will cause a significant decrease in the District's overall Net Limited Assessed Property Value unless there is a corresponding increase in the Full Cash Value of such properties. It should be noted that, as described in the paragraph following TABLE 13, the District's overall Net Limited Assessed Property Value for fiscal year 2026/27 is projected to decrease by 5.8% from the fiscal year 2025/26 Net Limited Assessed Property Value based on preliminary numbers provided by the Assessor of the County. The preliminary Net Limited Assessed Property Value is subject to adjustment until approved by the Board of Supervisors of the County before or on August 17, 2026. The assessment ratio for the property classification that includes utility/industrial properties is 15.5% for the current tax year (tax year 2026), but, pursuant to State law, will decrease to 15% for each tax year thereafter. In order to compensate for any decrease in assessed value because of such assessment ratio reductions, an increase in the property tax rate will be necessary to provide sufficient tax levies to pay the debt service on the Bonds. This increase will have the effect of shifting the corresponding tax burden to property owners in other than the utility/industrial property classification. The District's ability to pay debt service on the Bonds in a timely manner could be adversely affected by the above-described assessment ratio reductions and any other significant legislative change to assessment ratios, specifically any provision further materially reducing the amount of property taxes paid by utility/industrial properties.

* *Subject to change.*

Property Tax Appeal

Any taxpayer, including the largest taxpayers in the District, may appeal its assessed valuation for purposes of decreasing its property tax liability pursuant to statutory procedures. If a significant taxpayer were to be successful in obtaining a significant reduction in its assessed valuation, any material decrease would cause a corresponding decrease in the District's overall assessed valuation. In order to compensate for any such decrease, if obtained, an increase in the property tax rate would be necessary to provide sufficient tax levies to pay the debt service on the Bonds. Such an increase in the property tax rate would have the effect of shifting the corresponding tax burden to property owners other than the protesting taxpayer. The District's ability to pay debt service on the Bonds in a timely manner could be adversely affected by any such material decrease in the assessed value of any significant taxpayer.

Remedy Against Taxpayers

The District's sole remedy against a taxpayer in the event of deficiency in property tax payments is limited to whatever proceeds can be realized from a tax lien sale on the obligor's property. Due to the specialized nature of the current use of the Springerville Generating Station and the sizable dollar amount of annual tax bills, the number of entities that might be interested in purchasing a tax lien on the property may be severely limited. For a discussion on the statutory mechanism in the event of delinquent tax payments, see APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION – PROPERTY TAXES - Delinquent Tax Procedures" herein.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount	\$7,000,000.00*
[Net] Original Issue Premium (a)	_____
Total Sources of Funds	=====

Uses of Funds

Deposit to Bond Building Fund	
Payment of Costs of Issuance (b)	_____
Total Uses of Funds	=====

(a) *Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.*

(b) *Will include bond insurance premium, if any, and compensation and costs of the Underwriter (as defined herein) with respect to the Bonds.*

* *Subject to change.*

ESTIMATED DEBT SERVICE REQUIREMENTS

The following table illustrates the (i) annual debt service on the outstanding bonds of the District, (ii) estimated annual debt service on the Bonds and (iii) total estimated annual debt service on all bonds of the District outstanding after the issuance of the Bonds.

TABLE 1

**Schedule of Estimated Annual Debt Service Requirements (a)
Round Valley Unified School District No. 10**

Fiscal Year	Bonds Outstanding		The Bonds*		Total Estimated Annual Debt Service Requirements*
	Principal	Interest	Principal	Interest (b)	
2025/26	\$ 1,830,000	\$ 271,000			\$ 2,101,000
2026/27	1,935,000	179,500		\$ 382,083 (c)	2,496,583
2027/28	525,000	82,750	\$ 1,060,000	350,000	2,017,750
2028/29	550,000	56,500	1,035,000	297,000	1,938,500
2029/30	580,000	29,000	1,005,000	245,250	1,859,250
2030/31			1,295,000	195,000	1,490,000
2031/32			605,000	130,250	735,250
2032/33			635,000	100,000	735,000
2033/34			665,000	68,250	733,250
2034/35			700,000	35,000	735,000
	<u>\$ 5,420,000</u>		<u>\$ 7,000,000</u>		

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

(b) Interest on the Bonds is estimated.

(c) The first interest payment on the Bonds will be due on January 1, 2027*. Thereafter, interest payments will be made semiannually on each July 1 and January 1 until maturity.

* Subject to change.

LITIGATION

No litigation or administrative action or proceeding is pending to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the levy and collection of taxes to pay the debt service on the Bonds, to contest or question the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. Representatives of the District will deliver a certificate to the same effect at the time of the initial delivery of the Bonds.

RATING

Moody's Ratings ("Moody's") has assigned a rating of "A1" to the Bonds. Such rating reflects only the view of Moody's. An explanation of the significance of a rating assigned by Moody's may be obtained at One Front Street, Suite 1900, San Francisco, California 94111. Such rating may be revised or withdrawn entirely at any time by Moody's if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Bonds. The District will covenant in its continuing disclosure certificate with respect to the Bonds that it will file notice of any formal change in any ratings relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

BOND INSURANCE AND RELATED RISK FACTORS

The District intends to apply, or has applied, to bond insurance companies (each a "Bond Insurer") for a municipal bond insurance policy (the "Policy") for the Bonds to guarantee the scheduled payments of principal of and interest on the Bonds. A commitment to provide the Policy has not been issued, and representatives of the District have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the District ultimately determines to obtain the Policy for the Bonds, in the event of default of the payment of principal or interest with respect to any of the Bonds when all or some become due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will remain payable solely from ad valorem property taxes as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS." In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

LEGAL MATTERS

In connection with the issuance of the Bonds, the District will furnish the Underwriter with the approving opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel (“Bond Counsel”), addressing legal matters relating to the validity of the Bonds under Arizona law, and with regard to the tax-exempt status of the interest income thereon (see “TAX EXEMPTION”). The signed legal opinion of Bond Counsel is dated and premised on the law in effect only as of the date of original delivery of the Bonds and will be delivered to the District at the time of original issuance. The fees of Bond Counsel and counsel to the Underwriter are expected to be paid from the proceeds of the sale of the Bonds and are contingent upon delivery of the Bonds.

The proposed text of the legal opinion is set forth as APPENDIX F – “FORM OF APPROVING LEGAL OPINION.” The legal opinion to be delivered may vary from the text of APPENDIX F – “FORM OF APPROVING LEGAL OPINION” if necessary to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Bond Counsel has reviewed the information in the tax caption on the front cover page as well as the information under the headings “THE BONDS,” “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” “QUALIFIED TAX-EXEMPT OBLIGATIONS,” “TAX EXEMPTION,” “ORIGINAL ISSUE DISCOUNT,” “BOND PREMIUM,” “RELATIONSHIP AMONG PARTIES” (but only as it applies to Bond Counsel) and “CONTINUING DISCLOSURE” (except as it relates to the District’s compliance with prior continuing disclosure undertakings) and in APPENDICES F – “FORM OF APPROVING LEGAL OPINION” and G – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” but otherwise has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has neither examined, nor attempted to examine, nor verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

Certain legal matters will be passed upon for the Underwriter by Greenberg Traurig, LLP, Phoenix, Arizona, counsel to the Underwriter.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and non-financial, impacting the operations of school districts which could have a material impact on the District and could adversely affect the secondary market value and marketability (liquidity) of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District, interest income on the Bonds is excludable from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code includes requirements that the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds remains excludable from gross income for federal income tax purposes. The failure of the District to meet these requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

Although Bond Counsel will render an opinion that, as of the delivery date of the Bonds, interest income on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a Beneficial Owner's (as defined in APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM") federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers who become Beneficial Owners of the Bonds, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

From time to time, there are legislative proposals in Congress, which, if enacted or made effective, could alter or amend the federal tax matters referred to above or adversely affect the market value and marketability (liquidity) of the Bonds. Any such change that occurs before initial delivery of the Bonds could cause Bond Counsel to deliver an opinion substantially different from the opinion shown in APPENDIX F – "FORM OF APPROVING LEGAL OPINION." The extent of change in Bond Counsel's opinion cannot be determined at this time. It cannot be predicted whether, when or in what form any such proposal or proposals might be enacted or whether, if enacted, such proposal or proposals would apply to obligations (such as the Bonds) issued prior to the enactment or effective date. Prospective purchasers should consult with their own tax advisors regarding any other pending or proposed federal income tax legislation.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (assuming it is the first price at which a substantial amount of that maturity of Discount Bonds was sold (the "OID Issue Price")) of the Discount Bonds and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the OID Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includable in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the OID Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in “TAX EXEMPTION” herein.

Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds.

BOND PREMIUM

The initial public offering prices of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the “Premium Bonds”) are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner’s yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

UNDERWRITING

The Bonds will be purchased by the Underwriter at an aggregate purchase price of \$_____, pursuant to a bond purchase agreement (the “Purchase Contract”) entered into by and between the District and the Underwriter. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$_____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at yields lower than the public offering yields stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments

and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

RELATIONSHIP AMONG PARTIES

Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel also serves and has served as bond counsel for one or more of the political subdivisions that the District territorially overlaps. Counsel to the Underwriter has previously acted as bond counsel with respect to other bonds underwritten by the Underwriter and may continue to do so in the future if requested.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District by not later than March 1 in each year commencing March 1, 2027 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District as such will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system (“EMMA”), each as described in APPENDIX G – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX G – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB through EMMA. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds, specifically their market price and transferability.

The District failed to timely file audited financial statements and annual updates with respect to certain financial information and operating data related to the District for fiscal years ending June 30, 2024 and June 30, 2025. The District has implemented procedures to facilitate compliance with its continuing disclosure undertakings in all material respects.

GENERAL PURPOSE FINANCIAL STATEMENTS

The annual comprehensive financial report of the District for the fiscal year ended June 30, 2025, a copy of which is included in APPENDIX C – “THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” of this Official Statement, includes the District’s financial statements for the fiscal year ended June 30, 2025 that were audited by CWDL, Certified Public Accountants, a certified public accounting firm, to the extent indicated in its report thereon. **The District has not requested the consent of CWDL, Certified Public Accountants to include its report and CWDL, Certified Public Accountants has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
OF APACHE COUNTY, ARIZONA

By: _____
President of the Governing Board

**THE DISTRICT –
DISTRICT INFORMATION**

General Information

The District is located in the southern quarter of the County. The District was formed on July 1, 1981, with the unification of Round Valley Consolidated Elementary School District No. 10 and Round Valley High School District No. 11, which had coterminous boundaries. Round Valley High School District No. 11 was formed on July 1, 1980 and took the place of the disbanded Apache County High School District in providing secondary educational services and facilities in the area of the Round Valley Consolidated Elementary School District No. 10. The District is bordered on the east by the state of New Mexico, to the south by Alpine Elementary School District No. 7 of the County and to the west by Vernon Elementary School District No. 9 of the County. The unification of the two districts became effective as of July 1, 1981. The District presently encompasses an area of approximately 1,700 square miles including the incorporated Towns of Eagar, Arizona (“Eagar”) and Springerville, Arizona (“Springerville”).

Enrollment

The following chart illustrates the current and historical average daily membership (“A.D.M.”) of the District’s student population.

**TABLE 2
AVERAGE DAILY MEMBERSHIP
Round Valley Unified School District No. 10**

Fiscal Year	A.D.M. (a)
2025/26	1,103
2024/25	1,136
2023/24	1,185
2022/23	1,243
2021/22	1,304

(a) *A.D.M. means average daily membership and is computed by taking the average number of students enrolled over the first 100 days of the school year, with students that are concurrently enrolled in Local Education Agencies being counted on a fractional basis for purposes of determining the District’s A.D.M.*

Source: The Arizona Department of Education and the District.

Facilities

The District currently operates the following schools:

TABLE 3
SCHOOL FACILITIES
Round Valley Unified School District No. 10

<u>Facility</u>	<u>Grade Range</u>
Round Valley Preschool	Preschool
Round Valley Primary School	K – 2
Round Valley Elementary School	3 – 5
Round Valley Middle School	6 – 8
Round Valley High School	9 – 12
Round Valley Online School	K – 12

Administration and Governance

The District has 10 principals and administrators, 72 certified employees and 104 classified support personnel. This provides the District with a student-teacher ratio of approximately 16:1.

The District is governed by a five-member Governing Board and administered by one Superintendent. The members of the Governing Board of the District are elected at large from the District for a four-year term. The present members of the Governing Board of the District are:

TABLE 4
GOVERNING BOARD
Round Valley Unified School District No. 10

- Frank Flores, *President*
- Terry Shove, *Clerk*
- Travis Trickey, *Member*
- Jeff Soderquist, *Member*
- Carolyn Turley, *Member*

Information Related to Potential Community Reinvestment Act Credit

The Community Reinvestment Act (the “CRA”) is federal legislation that is intended to encourage depository institutions to help meet the credit needs of low and moderate income neighborhoods. Performance for purposes of the CRA is evaluated in a number of ways including credits for investment (including by purchasing municipal bonds) in areas that provide free or reduced-price school meals through the National School Lunch Program to eligible students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program).

The table below shows schools of the District where at least 50% of the students are eligible for free or reduced-price school meals through the National School Lunch Program. Such eligibility information is the most recent available for the District, is not current and therefore must be considered with an abundance of caution.

TABLE 5

**NATIONAL SCHOOL LUNCH PROGRAM
Round Valley Unified School District No. 10**

<u>Facility</u>	<u>Eligibility Percent (a)</u>
Round Valley Elementary School	73%
Round Valley Middle School	69
Round Valley High School	56

No representation is made as to the status of any investment in the Bonds as it might affect performance by any depository institution under the CRA.

(a) *Based on claim data for the month of October as reported by school food authorities. School year 2025/26 eligibility data published as of January 6, 2026.*

Source: *Free and Reduced-Price Percentage Report School Year 2025/26, Arizona Department of Education Health and Nutrition Services.*

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**THE DISTRICT –
FINANCIAL INFORMATION**

PROPERTY TAXES

As described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The State’s *ad valorem* property tax levy and collection procedures are summarized under this heading “PROPERTY TAXES.”

Taxable Property

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the “Department of Revenue”). Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as “centrally valued” property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value

In the context of a specific property parcel, full cash value (“Full Cash Value”) is statutorily defined to mean “the value determined as prescribed by statute” or if a statutory method is not prescribed it is “synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value

In the context of a specific property parcel, limited property value (“Limited Property Value”) is a property value determined pursuant to the Arizona Constitution and Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than 15% of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

Full Cash Value and Limited Property Value for Taxing Jurisdictions

The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the District.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See “Primary Taxes” and “Secondary Taxes” below.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the “Limited Assessed Property Value” and the “Full Cash Assessed Value,” respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE 6

Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2021	2022	2023	2024	2025
Mining, utilities, commercial and industrial (b)	18%	17.5%	17%	16.5%	16%
Agricultural and vacant land	15	15	15	15	15
Owner occupied residential	10	10	10	10	10
Leased or rented residential	10	10	10	10	10
Railroad, private car company and airline flight property (c)	15	15	14	14	13

- (a) *Additional classes of property exist, but seldom amount to a significant portion of a municipal body’s total valuation.*
- (b) *The assessment ratio for this property classification decreased to 15.5% for tax year 2026 and will decrease to 15% for tax year 2027 and each tax year thereafter.*
- (c) *This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Primary Taxes

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). “Net Limited Assessed Property Value” is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes

Per State statute, taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, water conservation and career technical education districts, and taxes levied by school districts for qualified desegregation expenditures are "secondary taxes." Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments.

Calculating Debt Limitations

Net Full Cash Assessed Value is determined by excluding the value of property exempt from taxation from Full Cash Assessed Value of both locally assessed and centrally valued property and combining the resulting two amounts. Net Full Cash Assessed Value is the basis for determining bonded debt limitations for certain political subdivisions in Arizona, including the District.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer of the County. (The Assessor of the County is required to have completed the assessment roll by December 20th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year.)

Property owners may file an appeal with the Assessor of the County to request a review of the Assessor of the County's determination of the Full Cash Value and legal classification of their property. Once the appeals process is complete, the Assessor of the County, if necessary, corrects the tax roll based upon the appeal decisions and sends the corrected values to each taxing jurisdiction (cities, school districts, including the District, community colleges and special districts such as fire and health).

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals through the process described above or other reasons reduces the amount of taxes received by each jurisdiction.

On occasion, it may be determined that a taxpayer or class of taxpayers is due a property tax refund associated with a successful appeal. These refunds may be for a single year or several years and may range widely in amount. Generally, these refunds are paid by the treasurer of the appropriate county with amounts received from the underlying taxing jurisdictions which, in most cases, may levy an additional property tax in the following year to account for that underlying taxing jurisdiction's portion of the taxpayer refund. Importantly, in most cases, taxpayer refunds of this type are not the ultimate burden of the underlying taxing jurisdiction, as the underlying taxing jurisdictions levied a tax in an amount which was based on the approved (i.e., pre-appeal) property tax levy. Refunds do not change the amount of revenue the underlying taxing jurisdictions are eligible to receive for the affected fiscal years, but such refunds do change the distribution of the burden of the property taxes among the taxpayers. This is reconciled by the underlying taxing jurisdictions levying for the refunded amounts in a subsequent year.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years. Set forth below is a record of property taxes levied and collected in the District for a portion of the current fiscal year and all of the previous five fiscal years.

TABLE 7

**Property Taxes Levied and Collected (a)
Round Valley Unified School District No. 10**

Fiscal Year	District Tax Rate	Adopted District Tax Levy	Adjusted District Tax Levy as of June 30th	Collected to June 30th of Initial Fiscal Year		Adjusted District Tax Levy as of 4/7/2026	Cumulative Collections to April 7, 2026	
				Amount	% of Adj. Levy		Amount	% of Adj. Levy
2025/26	\$ 3.4707	\$10,920,332	(b)	(b)	(b)	\$10,916,216	\$6,053,571	55.45 %
2024/25	3.4765	11,172,071	\$ 11,166,319	\$ 10,829,279	96.98 %	11,165,159	11,153,731	99.90
2023/24	3.1996	10,337,421	10,337,327	8,484,710	82.08	10,332,275	10,324,475	99.92
2022/23	3.1542	10,345,772	10,343,250	10,251,784	99.12	10,340,304	10,335,226	99.95
2021/22	2.7939	9,343,729	9,340,214	9,272,235	99.27	9,338,646	9,335,297	99.96
2020/21	2.7926	9,003,030	8,999,357	8,925,311	99.18	9,000,078	8,997,725	99.97

(a) *Taxes are collected by the Treasurer of the County. Taxes are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County’s General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year’s taxes are paid by December 31.*

In November 2021, voters in the District authorized the District to continue to exceed its statutorily prescribed budget limit for maintenance and operations expenditures by an amount not exceeding 15% of the prescribed limit. The authorization extends for seven years, began in fiscal year 2022/23 and extends through fiscal year 2028/29, although in fiscal years 2027/28 and 2028/29, the amount by which the prescribed limit may be exceeded will be limited to 10% and 5%, respectively. If voters do not authorize the District by fiscal year 2026/27 to continue to exceed its prescribed maintenance and operation budget limit by 15%, the District will be required to decrease its budgeted expenditures in the fiscal years that follow.

(b) *2025/26 taxes in course of collection:
First installment due 10-01-25, delinquent 11-01-25;
Second installment due 03-01-26, delinquent 05-01-26.*

Source: The Office of Budget and Finance of the County.

SRP In Lieu Contribution

SPECIAL NOTE: As described under the heading “INVESTMENT CONSIDERATIONS,” the assessed value of property owned by SRP is not included in the assessed value of the District in the prior table or in any other valuation information set forth in this Official Statement. Because of SRP’s quasi-governmental nature, property owned by SRP is exempt from property taxation.

However, SRP may elect each year to make voluntary contributions in lieu of property taxes with respect to certain of its electrical facilities, including the portion of the Springerville Generating Station owned by SRP. If SRP elects to make the in lieu contribution for the year, the Full Cash Value of the portion of the Springerville Generating Station located within the District and the in lieu contribution amount is determined in the same manner as the Full Cash Value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions.

If SRP elected not to make such contributions, the District would be required to contribute funds from other sources or levy an increased tax rate on all other taxable property to provide sufficient amounts to pay debt service on the Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer and the District have no recourse against the property of SRP and there may be a delay in the payment of that portion of the debt service on the Bonds that would have been paid by SRP’s in lieu contribution.

Since 1964, when the in lieu contribution was originally authorized by the Arizona Revised Statutes, SRP has always elected to make the in lieu contribution. The fiscal year 2025/26 Net Limited Assessed Property Value equivalent of SRP within the District is \$69,234,060 which represents approximately 17.61% of the combined fiscal year 2025/26 Net Limited Assessed Property Value in the District. The estimated fiscal year 2026/27 Net Limited Assessed Property Value equivalent of SRP within the District is \$63,001,000, which represents approximately 17.13% of the combined estimated fiscal year 2026/27 Net Limited Assessed Property Value in the District. See “INVESTMENT CONSIDERATIONS” herein.

Delinquent Tax Procedures

The property taxes due the District are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of each subsequent month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year’s tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer’s deed to the certificate holder as prescribed by law.

Chapter 176, Laws of Arizona 2024 (commonly referred to by its original bill number as “SB 1431”) revises the redemption and foreclosure process for tax lien certificate holders whereby a delinquent taxpayer may request an entry of judgment directing the sale of the property for excess proceeds. If a delinquent taxpayer requests an excess proceeds sale, and an entry of judgment is granted to direct such excess proceeds sale, a tax lien certificate holder’s potential financial return on the subject tax lien eligible for foreclosure may decrease relative to the tax lien certificate holder’s potential financial return on such tax lien prior to the enactment of SB 1431. Therefore, in connection with the new excess proceeds sale process instituted by SB 1431, it is reasonable to conclude that “tax sale investors” may be less willing to purchase tax liens. The effective date of SB 1431 was September 14, 2024. None of the District, the Underwriter or the counsel or agents of either of them, are able to determine or predict what impact, if any, SB 1431 will have on property tax collections in the District.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the “Bankruptcy Code”), the law is currently unsettled as to whether a lien can attach against the taxpayer’s property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest-bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When an owner of land or property within the District (a “debtor”) files or is forced into bankruptcy, any act to obtain possession of the debtor’s estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that “tax sale investors” may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District’s tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

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ASSESSED VALUATIONS AND TAX RATES

TABLE 8

**Direct and Overlapping Net Limited Assessed Property Values and Tax Rates
Per \$100 Net Limited Assessed Property Valuation**

Overlapping Jurisdiction	2025/26 Net Limited Assessed Property Value	2025/26 Total Tax Rate Per \$100 Net Limited Assessed Property Value
State of Arizona	\$92,368,086,849	None
Apache County	480,661,138	\$0.7500
Apache County Community College District	480,661,138	0.4700
Apache County Library District	480,661,138	0.3308
Town of Eagar	27,561,333	0.0000
Town of Springerville	12,397,792	0.0000
Northern Arizona Vocational Institute of Technology	360,260,709	0.0500
Round Valley Unified School District No. 10	324,012,192	3.4707

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Assessor and Office of Budget and Finance of the County.

TABLE 9

**Net Limited Assessed Property Value by Property Classification
Round Valley Unified School District No. 10**

Class	2025/26	2024/25	2023/24	2022/23	2021/22
Commercial, industrial, utilities and mines	\$ 256,895,289	\$ 267,127,527	\$ 271,981,136	\$ 280,262,680	\$ 288,265,930
Agricultural and vacant	13,815,222	13,447,270	12,498,415	12,188,729	11,575,700
Residential (owner occupied)	25,226,256	23,235,934	21,554,166	19,848,880	19,323,157
Residential (rental)	28,075,425	26,587,937	25,496,079	23,922,519	22,266,737
Totals (a)	<u>\$ 324,012,192</u>	<u>\$ 330,398,668</u>	<u>\$ 331,529,796</u>	<u>\$ 336,222,809</u>	<u>\$ 341,431,524</u>

(a) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and Office of Budget and Finance of the County.

TABLE 10

**Net Limited Assessed Property Value of Major Taxpayers
Round Valley Unified School District No. 10**

Major Taxpayer (a)(b)	2025/26 Net Limited Assessed Property Value	As % of 2025/26 Net Limited Assessed Property Value
Unisource Energy Corporation	\$ 145,886,844	45.03 %
Tri-State Generation & Transmission	94,377,320	29.13
Navopache Electric Co-Op Inc (T&D)	2,063,891	0.64
Citizens Telecomm of White Mtns	2,036,730	0.63
Navajo Communications Co Inc	1,449,260	0.45
El Paso Electric Co (T&D)	1,019,874	0.31
TEP Springerville Arizona LLC	393,777	0.12
Arizona Structural Laminators	316,168	0.10
Sal Hospitality LLC	264,733	0.08
Public Service Company of New Mexico	255,930	0.08
	<u>\$ 248,064,527</u>	<u>76.56 %</u>

(a) See "INVESTMENT CONSIDERATIONS" herein. Some of such taxpayers or their parent corporations are subject to the informational requirements of the Exchange Act and in accordance therewith file reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. No representatives of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

(b) See "SRP In Lieu Contribution" section for description of SRP property value equivalent and voluntary contributions in lieu of property taxes.

Source: The Assessor of the County.

TABLE 11

Comparative Net Limited Assessed Property Values

Fiscal Year	Round Valley Unified School District No. 10	Town of Eagar	Town of Springerville	Greer Fire District	Apache County	State of Arizona
2025/26	\$324,012,192	\$27,561,333	\$12,397,792	\$19,507,498	\$480,661,138	\$92,368,086,849
2024/25	330,398,668	26,133,873	11,108,063	18,711,254	484,327,356	88,425,625,840
2023/24	331,529,796	24,847,685	10,433,364	17,887,010	482,092,636	83,026,514,349
2022/23	336,222,809	23,276,335	10,202,584	16,893,666	483,691,369	78,415,651,030
2021/22	341,431,524	22,081,699	9,678,781	16,789,593	483,626,316	74,200,360,570

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Office of Budget and Finance of the County.

TABLE 12

**Estimated Net Full Cash Value History
Round Valley Unified School District No. 10**

Fiscal Year	Estimated Net Full Cash Value (a)
2025/26	\$ 2,732,910,602
2024/25	2,594,607,192
2023/24	2,336,120,280
2022/23	2,217,126,129
2021/22	2,199,421,086

(a) *Estimated Net Full Cash Value is the total market value of the property within the District less the estimated Full Cash Value of property exempt from taxation within the District.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

TABLE 13

**Current Year Statistics (For Fiscal Year 2025/26)
Round Valley Unified School District No. 10**

Total General Obligation Bonds Outstanding and to be Outstanding	\$ 12,420,000*(a)
Net Limited Assessed Property Value	324,012,192
Net Full Cash Assessed Value	386,803,818
Estimated Net Full Cash Value	2,732,910,602

The District's preliminary fiscal year 2026/27 Net Full Cash Assessed Value is estimated at \$365,970,427, a decrease of approximately 5.4% from the fiscal year 2025/26 Net Full Cash Assessed Value. The District's preliminary fiscal year 2026/27 Net Limited Assessed Property Value is estimated at \$304,878,657, a decrease of approximately 5.9% from the fiscal year 2025/26 Net Limited Assessed Property Value. The values are subject to adjustment until approved by the Board of Supervisors of the County before or on August 17, 2026.

* Subject to change.

(a) Includes the Bonds. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued school improvement bonds for State voter authorization and debt limit purposes.

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue and Assessor and Office of Budget and Finance of the County.

TABLE 14

**Direct General Obligation Bonded Debt Outstanding and to be Outstanding
Round Valley Unified School District No. 10**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding and to be Outstanding
2024A	\$ 7,875,000	School Improvements	2030	\$ 5,420,000
Total General Obligation Bonded Debt Outstanding				\$ 5,420,000
Plus: The Bonds				7,000,000*
Total General Obligation Bonded Debt Outstanding and to be Outstanding				<u>\$ 12,420,000* (a)</u>

* Subject to change.

(a) See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued school improvement bonds for State voter authorization and debt limit purposes.

**Constitutional / Statutory Debt Limit / Unused Borrowing Capacity after Bond Issuance
Round Valley Unified School District No. 10**

TABLE 15

2025/26 Arizona Constitutional Debt Limitation (30% of Net Full Cash Assessed Value)	\$ 116,041,145
Less: Bonds Outstanding and to be Outstanding (a)	(12,420,000) *
Less: [Net] Original Issue Premium of the Bonds (b)	() *
Less: Unamortized Original Issue Premium of Prior Bonds (c)	(86,032)
Unused Constitutional Borrowing Capacity	<u>\$ 103,535,113 *</u>

* Subject to change.

(a) Includes the Bonds.

(b) This amount represents premium on the Bonds, which has been or will be deposited into the Bond Building Fund for project cost use, and such amount reduces in equal amount the borrowing capacity of the District under State statutes and the Arizona Constitution and the principal amount of school improvement bonds authorized at the Election (as described under the heading "THE BONDS – Authorization and Purpose"). Such capacity (but not authorization) will be recaptured as premium is amortized.

(c) This amount represents certain of the unamortized premium on the District's outstanding bonds issued after August 2016, which amount is treated as described in footnote (b) above.

TABLE 16

2025/26 Statutory Limitation on Bonds [Greater of 20% of the Net Full Cash Assessed Value (\$77,360,763) or \$1,500 per student (\$1,704,000)]	\$ 77,360,763
Less: Class B Bonds Outstanding and to be Outstanding (a)	(12,420,000) *
Less: [Net] Original Issue Premium of the Bonds (b)	() *
Less: Unamortized Original Issue Premium of Prior Bonds (c)	(86,032)
Unused Statutory Borrowing Capacity	<u>\$ 64,854,731 *</u>

* Subject to change.

(a) "Class B" bonds are school district general obligation bonds, like the Bonds, approved by a vote of the qualified electors of a school district at an election held from and after December 31, 1998, and subject to the statutory debt limitation indicated in this table. Includes the Bonds.

(b) See footnote (b) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds for State voter authorization and debt limit purposes.

(c) See footnote (c) to TABLE 15 above.

TABLE 17

**Direct and Overlapping General Obligation Bonded Debt
Round Valley Unified School District No. 10**

Overlapping Jurisdiction	General Obligation Bonded Debt (b)	Proportion Applicable to the District (a)	
		Approximate Percent	Net Debt Amount
State of Arizona	None	0.35%	None
Apache County	None	67.40	None
Apache County Community College District	None	67.40	None
Apache County Library District	None	67.40	None
Town of Eagar	None	100.00	None
Town of Springerville	None	100.00	None
Northern Arizona Vocational Institute of Technology	None	100.00	None
Round Valley Unified School District No. 10 (c)	\$ 12,420,000*	100.00	<u>\$ 12,420,000*</u>
Net Direct and Overlapping General Obligation Bonded Debt			<u><u>\$12,420,000*</u></u>

* Subject to change.

(a) Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for 2025/26.

(b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and city improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.

(c) Includes the Bonds.

Source: The various entities, State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the Assessor, Office of Budget and Finance and the Treasurer of the County.

TABLE 18

**Direct and Overlapping General Obligation Bonded Debt Ratios
Round Valley Unified School District No. 10**

	Per Capita Bonded Debt Population Estimated @ 7,305	As % of District's 2025/26 Net Limited Assessed Property Value	As % of District's 2025/26 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt (a)*	\$ 1,700.21	3.83%	0.45%
Net Direct and Overlapping General Obligation Debt (a)*	1,700.21	3.83	0.45

* *Subject to change.*

(a) *Includes the Bonds.*

Source: *State and County Abstract of the Assessment Roll, Arizona Department of Revenue, Property Tax Rates and Assessed Values, Arizona Tax Research Association, Assessor and Office of Budget and Finance of the County, and District records.*

**Other Obligations
Round Valley Unified School District No. 10**

The District currently has no other capital lease or installment payment obligations outstanding or unpaid.

DISTRICT EMPLOYEE RETIREMENT SYSTEM

Retirement Plan

The District's employees are covered by the Arizona State Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit plan. The annual contribution rates are prescribed to be the rate actuarially determined by the System's actuary, with minimum employer and employee rate requirements of not less than 2.00%. For fiscal year 2026/27, the District's and its employees' contribution has been calculated by the actuary to be 11.98% (11.87% Retirement Pension and Health Insurance Benefit, 0.11% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2025/26, the District's and its employees' contribution is 12.00% (11.86% Retirement Pension and Health Insurance Benefit, 0.14% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2024/25, the District's and its employees' contribution was 12.27% (12.12% Retirement Pension and Health Insurance Benefit, 0.15% Long Term Disability Income Plan) of payroll amounts. See Note 10 in APPENDIX C – "THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" for further discussion of the District and its employees' obligations to the System as of June 30, 2025.

The Governmental Accounting Standards Board ("GASB") adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer's pension expense component include its proportionate share of the System's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. Both the District and each covered employee contribute to the System. At June 30, 2025, the District reported a liability of \$11,103,444 for its proportionate share of the net pension liability under the System.

The pension liability was measured as of June 30, 2024. See Note 10 in APPENDIX C – “THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” for further discussion.

Other Post-Employment Benefits

During the year ended June 30, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). The District is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan. Please refer to APPENDIX C of the Official Statement which includes the District’s audited financial statements and specifically “NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

The District currently does not offer any OPEB. The District’s employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State’s health care program. The District does not currently make payments for OPEB costs for such retirees.

REVENUES AND EXPENDITURES

The following information of the District was derived from the annual expenditure budget of the District for fiscal year 2025/26 and the audited financial statements of the District for fiscal years 2020/21 through and including 2024/25. (State law no longer requires school districts to file revenue budgets.) Budgeted figures for fiscal year 2025/26 are on a cash basis and are presented in the format required by State law. Budgeted figures for fiscal year 2025/26 are “forward looking” statements that may not be realized during the course of the fiscal year as presented herein and thus must be viewed with an abundance of caution. Audited figures for fiscal years 2020/21 through and including 2024/25 are on a modified accrual basis. The presentation which follows has not been independently subject to any audit procedures.

The following information should be read in conjunction with the audited financial statements of the District. **See APPENDIX C for the District’s most recent audited general purpose financial statements, which are for fiscal year ended June 30, 2025.** Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of CWDL, Certified Public Accountants to include its report and CWDL, Certified Public Accountants has performed no procedures subsequent to rendering its report on the financial statements.**

TABLE 19

**General Fund
Round Valley Unified School District No. 10**

	Budgeted	Audited				
	2025/26	2024/25	2023/24 (a)	2022/23 (b)	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR		\$ 2,767,548	\$ 5,046,634	\$ 4,914,412	\$ 4,315,618	\$ 3,241,704
REVENUES						
Other local		\$ -	\$ -	\$ 779,406	\$ 2,536,696	\$ 2,167,268
Property taxes		12,947,034	10,473,433	11,998,883	8,209,861	7,911,177
State aid and grants		-	-	-	290,736	277,406
Federal aid, grants and reimbursements		-	-	-	420,887	396,920
Intergovernmental		539,958	1,090,272	664,526	-	-
Auxiliary operations		283,201	341,191	-	-	-
Rental income		16,200	25,849	-	-	-
Investment earnings		36,985	62,244	-	-	-
Other		175,995	135,202	-	-	-
TOTAL REVENUES		\$ 13,999,373	\$ 12,128,191	\$ 13,442,815	\$ 11,458,180	\$ 10,752,771
ADJUSTMENTS						
Transfers in		\$ 11,804	\$ -	\$ 40,391	\$ -	\$ 49,936
TOTAL FUNDS AVAILABLE FOR EXPENDITURES		\$ 16,778,725	\$ 17,174,825	\$ 18,397,618	\$ 15,773,798	\$ 14,044,411
EXPENDITURES						
Current						
Instruction	\$ 4,566,035	\$ 5,859,738	\$ 6,604,880	\$ 6,657,017	\$ 5,722,217	\$ 4,814,280
Support services:						
Students and instructional staff	1,571,984	1,657,836	1,608,472	1,147,564	1,185,472	1,177,653
General and school administration	731,604	923,175	850,034	845,135	1,835,392	1,273,462
Business and central	1,165,071	1,076,242	928,221	852,792	-	-
Operation & maintenance of plant services	2,065,928	2,881,493	2,982,813	3,116,085	2,170,210	1,864,761
Student transportation	554,784	703,367	971,680	838,659	681,268	563,722
Operation of noninstructional services	-	210,645	81,913	43,503	28,829	27,775
School-sponsored athletics	124,591	-	-	-	-	-
K-3 reading program	65,000	-	-	-	-	-
Debt service	-	-	-	6,176	-	-
Capital outlay	-	117,705	379,264	33,564	-	7,140
TOTAL EXPENDITURES	\$ 10,844,997	\$ 13,430,201	\$ 14,407,277	\$ 13,540,495	\$ 11,623,388	\$ 9,728,793
FUND BALANCE AT END OF YEAR		\$ 3,348,524	\$ 2,767,548	\$ 4,857,123	\$ 4,150,410	\$ 4,315,618

(a) As of July 1, 2023, the District recorded a restatement of fund balance to move prior year expenditures in the Special Projects Fund to the General Fund, resulting in an adjustment of \$189,511 to the beginning balance of fiscal year 2023/24.

(b) At June 30, 2023, the District recorded a restatement of fund balance to correct an error for the fund balance classification of several funds. In the previous year, Unrestricted capital outlay, School Plant, Career and Technical Education Projects, Insurance Proceeds and Litigation Recovery were recorded as an other special revenue or capital projects funds fund whereas it should have been recorded within the General Fund as the monies were not restricted by a third party or committed. In addition, Civic Center, Textbooks and Grants and Gifts to Teachers were recorded as unrestricted within the General Fund, but are restricted per the USFR Chart of Accounts.

TABLE 20

**Debt Service Fund
Round Valley Unified School District No. 10**

	Budgeted	Audited				
	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR		\$ 862,093	\$ 91,202	\$ 92,232	\$ 59,371	\$ 109,433
REVENUES						
Other local		\$ -	\$ -	\$ -	\$ 173,434	\$ 155,503
Property taxes		2,272,648	763,756	827,281	703,373	638,035
Tuition		-	-	9,332	-	-
Investment earnings		171,421	7,135	5,107	-	-
TOTAL REVENUES		<u>\$2,444,069</u>	<u>\$ 770,891</u>	<u>\$ 841,720</u>	<u>\$ 876,807</u>	<u>\$ 793,538</u>
ADJUSTMENTS						
Transfers in		\$ -	\$ -	\$ -	\$ 4	\$ -
TOTAL FUNDS AVAILABLE FOR EXPENDITURES		<u>\$3,306,162</u>	<u>\$ 862,093</u>	<u>\$ 933,952</u>	<u>\$ 936,182</u>	<u>\$ 902,971</u>
EXPENDITURES						
Debt service:	\$ 1,999,969					
Principal retirement		\$2,455,000	\$ -	\$ 810,000	\$ 780,000	\$ 750,000
Interest, premium and fiscal charges		391,563	-	32,750	63,600	93,600
Support services - administration		400	-	-	350	-
TOTAL EXPENDITURES	<u>\$ 1,999,969</u>	<u>\$2,846,963</u>	<u>\$ -</u>	<u>\$ 842,750</u>	<u>\$ 843,950</u>	<u>\$ 843,600</u>
FUND BALANCE AT END OF YEAR		<u><u>\$ 459,199</u></u>	<u><u>\$ 862,093</u></u>	<u><u>\$ 91,202</u></u>	<u><u>\$ 92,232</u></u>	<u><u>\$ 59,371</u></u>

THE DISTRICT
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The following audited financial statements are for the fiscal year ended June 30, 2025. These are the most recent audited financial statements available to the District. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT. See "REVENUES AND EXPENDITURES" in APPENDIX B.

Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of CWDL, Certified Public Accountants to include its report and CWDL, Certified Public Accountants has performed no procedures subsequent to rendering its report on the financial statements.**

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INDEPENDENT AUDITORS' REPORT

Governing Board
Round Valley Unified School District No. 10
Springerville, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Round Valley Unified School District No. 10 (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Round Valley Unified School District No. 10, as of June 30, 2025, and the respective changes in financial position and, where applicable, cashflows 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 and 7 to the basic financial statements, for the year ended June 30, 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and budgetary comparison information, as listed within the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we issued our report dated February 17, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Advisent Assurance, LLP

Mesa, Arizona
February 17, 2026

REQUIRED SUPPLEMENTARY INFORMATION

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

As management of the Round Valley Unified School District No. 10 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26.0 million (net position). The District's total net position increased by \$0.2 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9.5 million, an increase of \$4.3 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3.3 million, or 25% of total General Fund expenditures.
- The District's net capital assets increased \$3.5 million in the current year.
- The District's long-term liabilities increased \$7.2 million or 70% during the current year. The increase was mainly due to the issuance of the new school improvement bond and the \$1.5 million increase in the net pension liability based on the actuarial valuation and changes in the District's proportionate share of the liability.

OVERVIEW OF THE 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District are divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Projects Funds, Bond Building Fund, and Debt Service Fund, the four of which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation.

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

Proprietary Funds – The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its transportation services. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

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

The basic governmental fund financial statements and proprietary fund statements can be found as listed in the Table of Contents.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found as listed in the Table of Contents.

Required Supplementary Information Other than MD&A

The District reports a multi-year schedule of the District's proportionate share of net pension liability and contributions to its cost-sharing pension plan on page 60.

Governments have the option of presenting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Special Projects Fund budgetary comparison schedules as RSI other than the MD&A which can be found starting on page 61. Notes to the RSI are presented after the budgetary comparison schedules.

Other information

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found on pages 66 - 74 of this report.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 76 - 96 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26.0 million at the close of the most recent fiscal year.

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

	Governmental Activities		
	(Restated)		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 14,996,626	\$ 9,759,846	\$ 5,236,780
Capital assets	32,194,779	28,327,582	3,867,197
Total Assets	<u>47,191,405</u>	<u>38,087,428</u>	<u>9,103,977</u>
DEFERRED OUTFLOWS	<u>2,878,002</u>	<u>1,666,709</u>	<u>1,211,293</u>
Total Assets and Deferred Outflows	<u>50,069,407</u>	<u>39,754,137</u>	<u>10,315,270</u>
LIABILITIES			
Current liabilities	5,369,789	2,328,615	3,041,174
Long-term liabilities	17,456,368	10,281,968	7,174,400
Total Liabilities	<u>22,826,157</u>	<u>12,610,583</u>	<u>10,215,574</u>
DEFERRED INFLOWS	<u>1,217,791</u>	<u>1,288,090</u>	<u>(70,299)</u>
Total Liabilities and Deferred Inflows	<u>24,043,948</u>	<u>13,898,673</u>	<u>10,145,275</u>
NET POSITION			
Investment in capital assets	26,733,648	26,597,128	136,520
Restricted	2,025,421	4,314,421	(2,289,000)
Unrestricted	(2,733,610)	(5,056,085)	2,322,475
Total Net Position	<u>\$ 26,025,459</u>	<u>\$ 25,855,464</u>	<u>\$ 169,995</u>

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Government-Wide Financial Analysis (Continued)

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

At the end of the current fiscal year, the District was able to report positive balances in the net investment in capital assets and restricted net position. The District reported a negative balance in unrestricted net position due to the District's reporting of its proportionate share of the net pension liability for its cost-sharing pension plan required under Governmental Accounting Standards Board (GASB) Statement No. 68. Additional information on the District's net pension liability can be found in Note 10 of this report.

Overall, net position increased \$0.2 million or 1%. Key elements of this increase are indicated as follows:

	Governmental Activities		
	(Restated)		
	2025	2024	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 863,805	\$ 914,949	\$ (51,144)
Operating grants and contributions	4,595,075	5,055,602	(460,527)
Capital grants and contributions	651,332	4,025,888	(3,374,556)
General revenues:			
Property taxes	13,504,888	12,999,960	504,928
State equalization and additional state aid	502,086	749,601	(247,515)
Federal aid unrestricted	-	317,824	(317,824)
Interest and other	418,154	259,105	159,049
Total Revenues	20,535,340	24,322,929	(3,787,589)
EXPENSES			
Instruction	10,747,308	11,214,526	(467,218)
Support Services:			
Students and instructional staff	1,923,964	1,861,825	62,139
Administration	2,290,447	1,856,183	434,264
Operation and maintenance of plant	3,427,797	3,279,019	148,778
Operation of noninstructional services	757,243	760,831	(3,588)
Student transportation	876,508	813,608	62,900
Total Expenses	20,365,345	19,785,992	579,353
Change in net position	169,995	4,536,937	(4,366,942)
Net Position - Beginning, As Restated	25,855,464	21,318,527	4,536,937
Net Position - Ending	\$ 26,025,459	\$ 25,855,464	\$ 169,995

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Program Revenues

The decrease in charges for services was not considered significant.

Operating grants and contributions decreased \$0.5 million (9%). This decrease was a result of a decrease in COVID-19 related grant funding administered through the Arizona Department of Education.

The District reported a decrease in capital grants and contributions of \$3.4 million (84%) due to decrease in facilities projects funded by the ADOA's Division of School Facilities.

General Revenues

The District experienced an increase in property tax revenue of \$0.5 million (4%) because of an increase in tax rates and increased valuation of taxable property.

State and county equalization and additional state aid decreased \$0.2 million (33%) due to decreases in the state funding formula.

The decrease in federal aid unrestricted revenues of \$0.3 million (100%) was a result of forest fees revenues passed through from the county not being received during the current fiscal year.

The change in interest and other revenue was not considered significant.

The District incurred a 3% increase in expenses in the current year. The District's mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The increase was mainly due to increases in purchased professional services and cost of living wage increases for employees.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9.5 million, an increase of \$4.3 million in comparison with the prior year. Approximately 35% of this total amount (\$3.3 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is restricted to indicate that it is not available for new spending.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

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

	Balance	Increase (Decrease) From 2023-24
GOVERNMENTAL FUND		
General Fund	\$ 3,348,524	\$ 580,976
Special Projects Fund	8,536	(80,652)
Bond Building Fund	4,505,348	4,505,348
Debt Service Fund	459,199	(402,894)
Nonmajor Governmental Funds	1,149,668	(351,547)
Total Governmental Fund Balances	<u>\$ 9,471,275</u>	<u>\$ 4,251,231</u>

For the fiscal year ended June 30, 2025 the General Fund had an increase in fund balance of \$0.6 million which mainly due to an increase in property tax revenues.

The \$0.1 million decrease in the Special Projects Fund was not considered significant.

The increase in the Bond Building Fund was due to the \$7.9 million issuance of new school improvement bonds during the current year, offset with capital project expenditures.

The decrease in the Debt Service Fund of \$0.4 million was due to the scheduled payments of the new school improvement bonds.

The decrease of \$0.4 million in the Nonmajor Governmental Funds was due to decreases in classroom site funding and instructional improvement funding relative to current year expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the adopted budget and the final amended budget totaled \$0.9 million. Arizona school districts build their original “adopted” budget based on a projection of the coming fiscal year’s 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The budget increase was allocated among various line items in regular education, special education, and pupil transportation. There was a decrease in regular education - instruction of \$133,203. Budgetary basis General Fund expenditures were \$0.7 million less than budget during the fiscal year. Budgetary basis expenditures were 5% less than budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$31.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles, furniture, and equipment. The net increase in the District’s investment in capital assets for the current fiscal year was \$3.5 million (12%) The increase was mainly due to current year capital acquisitions exceeding depreciation expense during the year.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (continued)

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

- Water conservation project (turf fields)
- HVAC purchases and installation
- Roofing and remediation projects
- Parking lot pavement at schoolsites
- School vehicles
- Various kitchen, IT, and maintenance equipment

Additional information on the District's capital assets can be found in Note 5 of this report.

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

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Land	\$ 854,405	\$ 854,405	\$ -
Construction in progress	3,263,556	5,646,634	(2,383,078)
Land improvements	2,246,595	1,460,332	786,263
Buildings & improvements	23,744,608	18,659,830	5,084,778
Vehicles, equipment, and furniture	1,695,888	1,706,381	(10,493)
Total Capital Assets	\$ 31,805,052	\$ 28,327,582	\$ 3,477,470

Long-Term Debt

At end of the current fiscal year, the District's debt included general obligation bond, compensated absences and the net pension/OPEB liabilities. General obligation bond increase \$5.7 million due to the issuance of the new school improvement bond in the current year, offset with scheduled principal payments. Compensated absences remained comparable to the previous year, as restated with the implementation of GASB 101, *Compensated Absences*. The net pension liability increased \$1.5 million due to various changes and assumptions made within the actuarial valuation as explained in Note 10 of this report.

The change in the long-term liabilities are as follows:

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
General obligation bonds	\$ 5,667,423	\$ -	5,667,423
Compensated absences	683,762	691,530	(7,768)
Net pension liability	11,103,444	9,582,652	1,520,792
Net OPEB liability	1,739	7,786	(6,047)
Total Long-term Liabilities	\$ 17,456,368	\$ 10,281,968	\$ 7,174,400

Additional information on the District's long-term liabilities can be found in Note 7 of this report.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Continue the water conservation project
- Student population

The above factors were considered in preparing the District's budget for the 2025-2026 fiscal year.

REQUEST FOR INFORMATION

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 Fiscal Services Department, Round Valley Unified School District No. 10, 940B East Maricopa St., Springerville, Arizona 85938. More information about the District can be found on the District's website at www.elks.net.

BASIC FINANCIAL STATEMENTS

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 12,504,127
Property taxes receivable	390,625
Intergovernmental receivable	1,958,050
Accounts receivable	1,898
Deposits	141,926
Inventory	0
Prepays	-
Total current assets	<u>14,996,626</u>
Noncurrent assets:	
Net OPEB asset	389,727
Capital assets, not depreciated	4,117,961
Capital assets, net of accumulated depreciation	<u>27,687,091</u>
Total noncurrent assets	<u>32,194,779</u>
Total Assets	<u>47,191,405</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,828,804
Deferred outflows related to OPEB	49,198
Total Deferred Outflows of Resources	<u>2,878,002</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,377,060
Accrued wages and benefits	340,854
Matured principal payable	2,455,000
Interest payable	196,875
Total current liabilities	<u>5,369,789</u>
Noncurrent liabilities:	
Due within one year	1,969,791
Due in more than one year	15,486,577
Total noncurrent liabilities	<u>17,456,368</u>
Total Liabilities	<u>22,826,157</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,056,407
Deferred inflows related to OPEB	161,384
Total Deferred Inflows of Resources	<u>1,217,791</u>
NET POSITION	
Investment in capital assets	26,733,648
Restricted:	
Net OPEB asset	389,727
Teacher compensation and other qualified programs (A.R.S. 15-977)	653,623
Instructional improvement programs	73,876
Federal and state instructional programs	8,536
Food service	2,296
Extracurricular activities	149,350
Student activities	237,105
Other	33,418
Debt service	477,490
Unrestricted	<u>(2,733,610)</u>
Total Net Position	<u>\$ 26,025,459</u>

See accompanying Notes to the Basic Financial Statements

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Instruction	\$ 10,747,308	\$ 23,994	\$ 4,290,311	\$ -	\$ (6,433,003)
Support services:					
Students	1,729,000	652,807	-	-	(1,076,193)
Instructional staff	194,964	33,729	231,393	-	70,158
General administration	283,997	5,791	15,271	-	(262,935)
School administration	694,824	5,481	22,387	-	(666,956)
Business and other support services	1,311,626	15,100	2,502	-	(1,294,024)
Operation and maintenance of plant	3,427,797	65,665	-	651,332	(2,710,800)
Student transportation	876,508	15,680	33,211	-	(827,617)
Operation of noninstructional services	757,243	45,558	-	-	(711,685)
Interest on long-term debt	342,078	-	-	-	(342,078)
Total	\$ 20,365,345	\$ 863,805	\$ 4,595,075	\$ 651,332	(14,255,133)
General revenues:					
Property taxes					13,504,888
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					502,086
Investment earnings					239,161
Other					178,993
Total general revenues					14,425,128
Change in net position					169,995
Net position - beginning, as previously reported					26,170,542
Change in accounting principle					(315,078)
Net position - beginning, as restated					25,855,464
Net position - ending					\$ 26,025,459

See accompanying Notes to the Basic Financial Statements

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Special Projects Fund	Bond Building Fund	Debt Service Fund	Total Non- Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 3,207,726	\$ -	\$ 5,096,461	\$ 3,071,644	\$ 1,108,949	\$ 12,484,780
Receivables:						
Property taxes	332,904	-	-	57,721	-	390,625
Intergovernmental	39,688	1,801,711	-	-	116,651	1,958,050
Accounts receivable	1,798	-	-	-	100	1,898
Deposits	118,130	-	-	-	23,796	141,926
Due from other funds	250,549	-	-	-	-	250,549
Total Assets	\$ 3,950,795	\$ 1,801,711	\$ 5,096,461	\$ 3,129,365	\$ 1,249,496	\$ 15,227,828
LIABILITIES						
Accounts payable	\$ 202,904	\$ 1,559,632	\$ 591,113	\$ -	\$ 20,161	\$ 2,373,810
Accrued wages	278,193	9,048	-	-	53,613	340,854
Matured principal payable	-	-	-	2,455,000	-	2,455,000
Interest payable	-	-	-	196,875	-	196,875
Due to other funds	-	224,495	-	-	26,054	250,549
Total Liabilities	481,097	1,793,175	591,113	2,651,875	99,828	5,617,088
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	121,174	-	-	18,291	-	139,465
FUND BALANCES						
Restricted	-	8,536	4,505,348	459,199	1,149,668	6,122,751
Unassigned	3,348,524	-	-	-	-	3,348,524
Total Fund Balances	3,348,524	8,536	4,505,348	459,199	1,149,668	9,471,275
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,950,795	\$ 1,801,711	\$ 5,096,461	\$ 3,129,365	\$ 1,249,496	\$ 15,227,828

See accompanying Notes to the Basic Financial Statements

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance - Governmental Funds \$ 9,471,275

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

Capital assets:

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

Capital assets	\$ 75,827,240	
Accumulated depreciation	<u>(44,022,188)</u>	31,805,052

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds:		139,465
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Net OPEB asset:

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

389,727

Long-term liabilities:

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

General obligation bonds	(5,420,000)	
Unamortized premiums	(247,423)	
Net pension liability	(11,103,444)	
Net OPEB liability	(1,739)	
Compensated absences	<u>(683,762)</u>	(17,456,368)

The Internal Service Fund is used by management to charge the cost of the transportation department to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position:

Internal service current assets	19,347	
Internal service current liability	<u>(3,250)</u>	16,097

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

Deferred outflows of resources relating to pensions	2,828,804	
Deferred inflows of resources relating to pensions	(1,056,407)	
Deferred outflows of resources relating to OPEB	49,198	
Deferred inflows of resources relating to OPEB	<u>(161,384)</u>	1,660,211

Total Net Position - Governmental Activities 26,025,459

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Projects Fund	Formerly Major Building Renewal Grant Fund	Bond Building Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 12,947,034	\$ -		\$ -	\$ 2,272,648	\$ -	\$ 15,219,682
Intergovernmental	539,958	2,830,665		-	-	2,377,870	5,748,493
Tuition	-	-		-	-	224,922	224,922
Food sales	-	-		-	-	40,862	40,862
Auxiliary operations	283,201	-		-	-	-	283,201
Student activities	-	-		-	-	263,092	263,092
Rental Income	16,200	-		-	-	-	16,200
Investment earnings	36,985	2,794		-	171,421	27,548	238,748
Other	175,995	1,110		-	-	36,661	213,766
Total Revenues	13,999,373	2,834,569		-	2,444,069	2,970,955	22,248,966
EXPENDITURES							
Current							
Instruction	5,859,738	854,321		913,120	-	2,224,474	9,851,653
Support services:							
Students	1,485,748	229,898		-	-	8,439	1,724,085
Instructional staff	172,088	15,527		-	-	1,922	189,537
General administration	245,842	22,962		-	-	-	268,804
School administration	677,333	2,566		-	-	-	679,899
Business and other support services	1,076,242	-		73,250	400	-	1,149,892
Operations and maintenance of plant	2,881,493	33,965		410,240	-	9,038	3,334,736
Student transportation	703,367	-		-	-	-	703,367
Operations of noninstructional services	210,645	-		-	-	429,908	640,553
Debt service:							
Principal	-	-		-	2,455,000	-	2,455,000
Interest and fiscal charges	-	-		-	391,563	-	391,563
Bond issuance costs	-	-		146,942	-	-	146,942
Capital outlay:							
Facilities acquisition	117,705	1,744,178		2,123,008	-	648,721	4,633,612
Total Expenditures	13,430,201	2,903,417		3,666,560	2,846,963	3,322,502	26,169,643
Excess (Deficiency) of Revenues Over Expenditures	569,172	(68,848)		(3,666,560)	(402,894)	(351,547)	(3,920,677)
Other Financing Sources (Uses)							
Proceeds from school improvement bonds	-	-		7,875,000	-	-	7,875,000
Premium on issuance of bonds	-	-		296,908	-	-	296,908
Transfers in	11,804	-		-	-	-	11,804
Transfers out	-	(11,804)		-	-	-	(11,804)
Net Financing Sources (Uses)	11,804	(11,804)		8,171,908	-	-	8,171,908
NET CHANGE IN FUND BALANCE	580,976	(80,652)		4,505,348	(402,894)	(351,547)	4,251,231
Fund Balance - Beginning, Previously Reported	2,767,548	89,188	1,906	-	-	2,361,402	5,220,044
Change within the Financial Reporting Entity (Nonmajor Funds to Major Funds)	-	-	(1,906)	-	862,093	(860,187)	-
Fund Balance - Beginning, As Restated	2,767,548	89,188	-	-	862,093	1,501,215	5,220,044
Fund Balance - Ending	\$ 3,348,524	\$ 8,536	\$ -	\$ 4,505,348	\$ 459,199	\$ 1,149,668	\$ 9,471,275

See accompanying Notes to the Basic Financial Statements

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT
OF ACTIVITIES
JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ 4,251,231

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

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

Expenditures for capital outlay:	\$ 5,427,128	
Depreciation expense:	<u>(1,948,358)</u>	3,478,770

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. (1,300)

The Internal Service Fund is used by management to charge the cost of the transportation department to individual funds. The revenues, expenses, and funds transfer of the Internal Service Fund are included in governmental activities in the Statement of Activities. (17,577)

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the Statement of Activities.

Property taxes: (1,714,794)

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

Pension contributions:	1,118,144	
Pension expense:	(1,355,199)	
OPEB contributions:	19,675	
OPEB expense:	50,700	

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Issuance of long-term debt:	(7,875,000)	
Premium on issuance of long-term debt:	(296,908)	
Principal payment on school improvement bonds:	2,455,000	
Amortization of deferred bond items:	49,485	

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

Net decrease (increase) in compensated absences:	7,768	
Change in Net Position of Governmental Activities	<u>\$ 169,995</u>	

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 19,347
Current Assets:	
Capital assets, net of depreciation	3,195
Total Assets	\$ 22,542
 LIABILITIES	
Current Liabilities:	
Accounts payable	3,250
Total Liabilities	3,250
 NET POSITION	
Investment in capital assets	3,195
Restricted:	
Transportaion	16,097
Total Net Position	\$ 19,292

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 755
Total Operating Revenues	<u>755</u>
OPERATING EXPENSES	
Cost of sales and service	\$ 18,745
Depreciation	15,298
Total Operating Expenses	<u>34,043</u>
Operating Loss	<u>(33,288)</u>
NONOPERATING REVENUES	
Investment income	413
Total Nonoperating Revenues	<u>413</u>
Change in Net Position	<u>(32,875)</u>
Net Position - Beginning	<u>52,167</u>
Net Position - Ending	<u>\$ 19,292</u>

See accompanying Notes to the Basic Financial Statements

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from interfund services provided	\$ 755
Cash payments for purchased gasoline	(11,620)
Cash payments for other services	<u>(3,875)</u>
Net cash used for operating activities	<u>(14,740)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>413</u>
 Net Decrease in Cash and Cash Equivalents	 <u>(14,327)</u>
Cash and Cash Equivalents - Beginning of Year	<u>33,674</u>
Cash and Cash Equivalents - End of Year	<u>\$ 19,347</u>
 RECONCILIATION OF OPERATING INCOME TO CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (33,288)
Changes in operating assets and liabilities:	
Accrued liabilities	3,250
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	<u>15,298</u>
 Net Cash and Cash Equivalents Used for Operating Activities	 <u>\$ (14,740)</u>

See accompanying Notes to the Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Round Valley Unified School District No. 10 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

Reporting Entity

The District is a special-purpose government that a separately elected governing body governs. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports the following major governmental funds:

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

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

The *Bond Building Fund* accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of long-term principal, interest, and related costs.

Additionally, the District reports the following fund type:

The *Proprietary Fund* is an Internal Service Fund that accounts for activities related to the District's transportation services.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column. Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

A.R.S. authorize the District to invest public monies in the State and County Treasurer’s investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. Statute authorizes the District to deposit monies for Auxiliary Operations and Student Activities in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholding accounts for taxes, employee insurance programs, and federal savings bonds. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of monies at 102% of all deposits not covered by federal depository insurance.

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

Property Taxes Receivables

The Apache 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. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

Intergovernmental Receivable

Intergovernmental receivables are comprised of state aid (\$39,688), instructional improvement (\$44,634), federal grants (\$1,815,431), state grants (\$5,146), career technical education (\$43,983), and building renewal grant (\$9,168).

Short-Term Interfund Receivables and Payables

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

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. The District did not have any prepaid items in the current year.

Capital Assets

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

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

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

Asset Class	Years
Land improvements	7-50 years
Building and improvements	5-50 years
Vehicles, equipment, furniture	5-20 years

Deferred Outflows and Deferred 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

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

Vacation – The District’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick Leave – The District’s policy permits employees to accumulate earned but unused sick leave. Accumulated sick leaves may be sold back to the District in different rates based on different categories (certified, administrators, classified), In addition, a liability for estimated value of sick leave that will be used before termination is included in the liability for compensated absences.

Pension and Other Postemployment Benefits

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

Long-term Obligations

In the government-wide financial statements long-term debt 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimates

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

Net Position

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

Fund Balance

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

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories or are legally or contractually required to be maintained intact.

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

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

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

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

The District has classified its fund balances as follows:

	General Fund	Special Projects Fund	Bond Building Fund	Debt Service Fund	Total Non- Major Governmental Funds	Total Governmental Activities
Restricted						
Teacher compensation and other qualified programs (A.R.S. 15-977)	\$ -	\$ -	\$ -	\$ -	\$ 653,623	\$ 653,623
Instructional improvement programs	-	-	-	-	73,876	73,876
Federal and state instructional programs	-	8,536	-	-	-	8,536
Food service	-	-	-	-	2,296	2,296
Extracurricular activities	-	-	-	-	149,350	149,350
Student activities	-	-	-	-	237,105	237,105
Other	-	-	-	-	33,418	33,418
Capital projects	-	-	4,505,348	-	-	4,505,348
Debt service	-	-	-	459,199	-	459,199
Total restricted	-	8,536	4,505,348	459,199	1,149,668	6,122,751
Unassigned	3,348,524	-	-	-	-	3,348,524
Total	\$ 3,348,524	\$ 8,536	\$ 4,505,348	\$ 459,199	\$ 1,149,668	\$ 9,471,275

Change in Accounting Principle

During the fiscal year ended June 30, 2025, the Town adopted two new accounting standard issued by the Governmental Accounting Standards Board (GASB) as follows:

GASB Statement No. 101, *Compensated Absences*, updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The impact to the current year financial statements as a result of adopting this standard is summarized in the table under Accounting Changes below.

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. There was no impact to the current year financial statements as a result of adopting this standard.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accounting Changes

The Building Renewal Grant Fund was previously reported as a major governmental fund. However, effective July 1, 2024, the fund did not meet the criteria to be reported as a major fund and is reported as a nonmajor fund. Additionally, the Debt Service Fund was previously reported as a Nonmajor Governmental Fund but effective July 1, 2024, the fund met the criteria to be reported as a major governmental fund. Lastly, beginning net position for governmental activities was restated during the implementation of GASB 101, *Compensated Absences*. Accounting changes resulted in adjustments to and restatements of beginning net position and fund balance, as summarized below:

	Net position/fund balance June 30, 2024 as previously reported	Restatement - GASB 101 Implementation	Change within the reporting entity	Net position/fund balance July 1, 2024 as restated
Government-Wide				
Governmental Activities	\$ 26,170,542	\$ (315,078)	\$ -	\$ 25,855,464
Total primary government	\$ 26,170,542	\$ (315,078)	\$ -	\$ 25,855,464
Governmental Funds				
Major Funds:				
General fund	\$ 2,767,548	\$ -	\$ -	\$ 2,767,548
Special projects fund	89,188	-	-	89,188
Building renewal grant fund	1,906	-	(1,906)	-
Bond building fund	-	-	-	-
Debt service fund	-	-	862,093	862,093
Nonmajor funds	2,361,402	-	(860,187)	1,501,215
Total governmental funds	\$ 5,220,044	\$ -	\$ -	\$ 5,220,044

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within four subsections (see preceding description of General Fund), any of which may be over-expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund’s total budget.

The District did not prepare a budget for the Building Renewal Grant Nonmajor Governmental Fund. An annual budget of revenue from all sources for the fiscal year is not prepared.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The following funds exceeded the final revised budget:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Regular education:	\$ 9,247,507	\$ 9,338,358	\$ 90,851
Special Projects Fund	1,219,647	2,903,417	1,683,770
Other Special Revenue Fund	414,607	514,772	100,165
Instructional Improvement Fund	120,000	394,798	274,798
Building Renewal Grant Fund	-	656,355	656,355
Debt Service Fund	741,004	2,846,963	2,105,959

Budget capacity was available in other funds to make up for the excess spending.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits:	
Cash in bank	\$ 257,945
Investments:	
Cash on deposit with county treasurer	<u>12,246,182</u>
Total deposits and investments	<u>\$ 12,504,127</u>

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District had a carrying value of \$257,945 for cash on deposit with a local financial institution and a bank balance of \$275,012 at June 30, 2025. The District does not have a formal policy regarding custodial credit risk. However, of the bank balance, \$250,000 was insured by federal depository insurance and the remaining balance was collateralized by the State of Arizona Pooled Collateral Program.

Investments

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

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

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

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

NOTE 4 – UNAVAILABLE REVENUES

Property taxes are recognized as revenues in the fiscal year levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned. The District did not report unearned revenue at the end of the current fiscal year.

At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General Fund	\$ 121,174
Nonmajor Governmental Funds	<u>18,291</u>
Total	<u>\$ 139,465</u>

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – CAPITAL ASSETS

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

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 854,405	\$ -	\$ -	\$ 854,405
Construction in progress	5,646,634	4,150,182	(6,533,260)	3,263,556
Total capital assets not being depreciated	<u>6,501,039</u>	<u>4,150,182</u>	<u>(6,533,260)</u>	<u>4,117,961</u>
Capital assets, being depreciated:				
Land improvements	5,083,752	1,006,281	-	6,090,033
Buildings and improvements	54,041,126	6,533,261	(35,933)	60,538,454
Vehicles, equipment, and furniture	4,890,563	270,664	(80,435)	5,080,792
Total capital assets being depreciated	<u>64,015,441</u>	<u>7,810,206</u>	<u>(116,368)</u>	<u>71,709,279</u>
Less accumulated depreciation for:				
Land improvements	(3,623,420)	(220,018)	-	(3,843,438)
Buildings and improvements	(35,381,296)	(1,448,183)	35,633	(36,793,846)
Vehicles, equipment, and furniture	(3,184,182)	(280,157)	79,435	(3,384,904)
Total accumulated depreciation	<u>(42,188,898)</u>	<u>(1,948,358)</u>	<u>115,068</u>	<u>(44,022,188)</u>
Total capital assets, being depreciated, net	<u>21,826,543</u>	<u>5,861,848</u>	<u>(1,300)</u>	<u>27,687,091</u>
Governmental activities capital assets, net	<u>\$ 28,327,582</u>	<u>\$ 10,012,030</u>	<u>\$ (6,534,560)</u>	<u>\$ 31,805,052</u>

Depreciation expenses was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 904,477
Support Services:	
Students	16,226
Instructional Staff	3,174
General Administration	11,822
School Administration	6,009
Business and Other Support Services	9,325
Operations and Maintenance of Plant	719,898
Student Transportation	151,444
Operation of Noninstructional Services	125,983
Total Depreciation Expense	<u>\$ 1,948,358</u>

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

Project	Governmental activities	
	Spent-to-date	Estimated remaining
High School CTE project	\$ 540,265	\$ -
Middle School Locker Room	125,036	541,495
Dome Parking Lot	48,020	48,000
District Wide Turf Project	2,371,177	2,743,872
Middle School Parking Lot	39,840	488,691
Various other projects	139,218	-
Total	<u>\$ 3,263,556</u>	<u>\$ 3,822,058</u>

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2025, interfund receivables and payables were as follows:

<u>Due to other funds</u>	<u>Due from other funds</u>
	General Fund
Special Projects Fund	\$ 224,495
Nonmajor Governmental Funds	26,054
Total	<u>\$ 250,549</u>

The above interfund receivable and payable are due to cash shortfalls at June 30, 2025. Cash will be received subsequent to June 30, 2025, to repay the short-term borrowing in the Special Projects Fund and Nonmajor Governmental Funds.

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

<u>Transfer to</u>	<u>Transfer from</u>
	Special Projects Fund
General Fund	\$ 11,804
Total	<u>\$ 11,804</u>

The transfer from the Special Projects Fund to the General Fund in the amount of \$11,804 was made to record the District’s indirect costs on grants passed through the Arizona Department of Education. The District did not exceed the approved indirect cost rate on any grants.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – LONG-TERM OBLIGATIONS

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

	(As Restated)			Balance June 30, 2025	Due Within One Year
	Balance July 01, 2024	Additions	Deductions		
General obligation bond	\$ -	\$ 7,875,000	\$ (2,455,000)	\$ 5,420,000	\$ 1,830,000
Unamortized premium	-	296,908	(49,485)	247,423	-
Compensated absences	691,530	-	(7,768)	683,762	139,791
Net pension liability	9,582,652	1,520,792	-	11,103,444	-
Net OPEB liability	7,786	-	(6,047)	1,739	-
Total	\$ 10,281,968	\$ 9,692,700	\$ (2,518,300)	\$ 17,456,368	\$ 1,969,791

General Obligation Bonds Payable

Bonds payable at year-end consisted of the following outstanding general obligation bonds payable issued to provide funds for the acquisition and construction of major capital facilities. Property taxes from the Debt Service Fund are used to pay bonded debt. The District’s legal debt limit is \$114 million, and the available margin is \$108 million. The bonds are noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

General obligation bonds currently outstanding are as follows at June 30, 2025:

Purpose	Interest Rate	Maturity	Original Issue	Balance
Governmental Activities:				
School Improvement Bonds, Project of 2023, Series A (2024)	5.00%	7/1/26-7/1/30	\$ 7,875,000	\$ 5,420,000

Debt service requirements on long-term debt at June 30, 2025 are as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 1,830,000	\$ 271,000
2027	1,935,000	179,500
2028	525,000	82,750
2029	550,000	56,500
2030	580,000	29,000
Total	\$ 5,420,000	\$ 618,750

Compensated Absences

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. The change in compensated absences above is a net change for the fiscal year.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – 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.

Arbitrage – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

Federal grants – In the normal course of operations, the District receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed by District officials to be material.

Litigation – Yearly, the District receives notices of claims for damages occurring generally from negligence, bodily injury, breach of contract, and other legal matters. The filing of such claims commences a statutory period for initiating a lawsuit against the District arising therefrom. The District has comprehensive general liability insurance with the ASRRT. The District is not aware of any litigation that might result in a materially adverse outcome.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain general property and liability insurance at a cost it 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 more than specified amounts. For employee health and dental insurance the District participates in the Kairos Health Arizona. The trust is a public entity risk-sharing and insurance purchasing pool. If the pool becomes either insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the District may be assessed an additional amount not to exceed the original required annual contribution to the pool.

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 annual 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. There have not been any claims in the past three years in excess of insurance coverage and no significant reductions in insurance coverage.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Arizona State Retirement System

Cost Sharing Pension Plan

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

	Cost-sharing pension plan	Cost-sharing OPEB plan	Total
Net opeb asset	\$ -	\$ 389,727	\$ 389,727
Net pension liability	11,103,444	1,739	11,105,183
Deferred outflows of resources	2,828,804	49,198	2,878,002
Deferred inflows of resources	1,056,407	161,384	1,217,791
Pension expense	1,355,199	(50,700)	1,304,499

Plan Description

District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB); and a cost-sharing, multiple-employer defined benefit long- term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2, and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided

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

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

*With actuarially reduced benefits.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Benefits Provided (Continued)

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.27% (12.05% for retirement, 0.07% for health insurance premium benefit, and 0.15% for long term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.19% (10.14% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2025, were \$1,118,144, \$6,495, and \$13,180, respectively.

During fiscal year 2025, the District paid for pension and OPEB contributions as follows: 75% from the General Fund, 8% from the Special Projects Fund, and 17% from nonmajor governmental other funds.

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Liability

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

	Net
	<u>(Asset) Liability</u>
Pension	\$ 11,103,444
Health insurance premium benefit	1,739
Long-term disability	<u>(389,727)</u>
Total Pension/OPEB (Assets) Liability	<u>\$ 10,715,456</u>

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

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

	District % Proportion <u>June 30, 2024</u>	District % Proportion <u>June 30, 2023</u>	Increase <u>(Decrease)</u>
Pension	0.06939%	0.05922%	0.01017%
Health insurance premium benefit	0.06450%	0.02987%	0.03463%
Long-term disability	0.06672%	0.05942%	0.00730%

Expense

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

	Pension/OPEB
	<u>Expense</u>
Pension	\$ 1,355,199
Health insurance premium benefit	(59,377)
Long-term disability	<u>8,677</u>
Total Pension/OPEB expense:	<u>\$ 1,304,499</u>

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources

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

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 619,784	\$ 11,278	\$ 6,395
Changes of assumptions or other inputs	-	-	1,258
Changes in proportion and differences between contributions and proportionate share of contributions	1,090,876	4,463	6,129
Contributions subsequent to the measurement date	1,118,144	6,495	13,180
Total	<u>\$ 2,828,804</u>	<u>\$ 22,236</u>	<u>\$ 26,962</u>

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 94,104	\$ 4,632
Changes of assumptions or other inputs	-	4,043	10,412
Net difference between projected and actual earnings on pension plan investments	709,076	26,790	1,900
Changes in proportion and differences between contributions and proportionate share of contributions	347,331	17,528	1,975
Total	<u>\$ 1,056,407</u>	<u>\$ 142,465</u>	<u>\$ 18,919</u>

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

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2026	\$ (96,014)	\$ (76,108)	\$ (2,215)
2027	1,059,882	(19,991)	414
2028	(179,491)	(18,508)	(2,085)
2029	(130,124)	(9,656)	(1,811)
2030	-	(2,461)	(461)
Thereafter	-	-	1,021
Total	<u>\$ 654,253</u>	<u>\$ (126,724)</u>	<u>\$ (5,137)</u>

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Actuarial Assumptions

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	44%	4.48%
Credit	23%	4.40%
Real estate	17%	6.06%
Private equity	10%	6.11%
Interest rate sensitive	6%	-0.45%
Total	<u>100%</u>	

Discount Rate

On June 30, 2024, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 10 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	Proportionate share of the net liability (asset)		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Pension	\$ 17,001,644	\$ 11,103,444	\$ 6,187,810
Health insurance premium benefit	(283,329)	(389,727)	(480,187)
Long-term disability	5,984	1,739	(2,437)

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

Contributions payable - The District’s accrued payroll and employee benefits included \$30,414 of outstanding pension amounts payable to ASRS for the year ended June 30, 2025.

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

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
COST SHARING PENSION PLAN
JUNE 30, 2025

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Proportion of the net pension liability	0.06939%	0.05922%	0.06691%	0.06118%	0.05311%	0.05624%	0.05395%	0.05391%	0.06127%	0.06606%
Proportionate share of the net pension liability	\$ 11,103,444	\$ 9,582,652	\$ 10,921,198	\$ 8,038,780	\$ 9,202,115	\$ 8,183,574	\$ 7,524,126	\$ 8,398,127	\$ 9,889,594	\$ 10,289,809
Covered payroll	\$ 9,783,234	\$ 8,507,205	\$ 8,529,307	\$ 7,272,359	\$ 6,577,903	\$ 6,269,282	\$ 5,599,704	\$ 5,389,456	\$ 6,082,917	\$ 6,174,276
Proportionate share of the net pension liability as a percentage of its covered payroll	113.49%	112.64%	128.04%	110.54%	139.89%	130.53%	134.37%	155.83%	162.58%	166.66%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year (Measurement Date)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,118,144	\$ 1,119,386	\$ 959,025	\$ 946,773	\$ 786,654	\$ 661,479	\$ 652,087	\$ 589,773	\$ 572,939	\$ 632,113
Contributions in relation to the actuarially determined contribution	1,118,144	1,119,386	959,025	946,773	786,654	661,479	652,087	589,773	572,939	632,113
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,690,112	\$ 9,783,234	\$ 8,507,205	\$ 8,529,307	\$ 7,272,359	\$ 6,577,903	\$ 6,269,282	\$ 5,599,704	\$ 5,389,456	\$ 6,082,917
Contributions as a percentage of covered payroll	11.54%	11.44%	11.27%	11.10%	10.82%	10.06%	10.40%	10.53%	10.63%	10.39%

See accompanying Notes to Required Supplementary Information

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variances - Final to Actual</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ -	\$ -	\$ 12,302,251	\$ 12,302,251
Intergovernmental	-	-	444,326	444,326
Investment earnings	-	-	12,044	12,044
Other	-	-	65,460	65,460
Total Revenues	-	-	<u>12,824,081</u>	<u>12,824,081</u>
EXPENDITURES				
Regular education:				
Instruction	4,094,045	3,960,842	4,107,972	(147,130)
Support services - students	877,037	877,552	756,811	120,741
Support services - instructional staff	185,011	187,015	171,038	15,977
Support services - general administration	305,898	305,898	189,249	116,649
Support services - school administration	655,802	658,029	660,412	(2,383)
Support services - central services	592,019	832,019	756,836	75,183
Operations and maintenance of plant	1,985,120	2,128,652	2,203,624	(74,972)
Operation of noninstructional services	3,914	-	170,323	(170,323)
School-sponsored cocurricular activities	-	-	4,137	(4,137)
School-sponsored athletics	237,500	297,500	317,956	(20,456)
Total regular education	<u>8,936,346</u>	<u>9,247,507</u>	<u>9,338,358</u>	<u>(90,851)</u>
Special education:				
Instruction	1,167,769	1,425,185	910,859	514,326
Support services - students	591,442	781,673	644,473	137,200
Operations and maintenance of plant	-	17,000	28,891	(11,891)
Total special education	<u>1,759,211</u>	<u>2,223,858</u>	<u>1,584,223</u>	<u>639,635</u>
Pupil transportation:				
Student transportation services	669,595	797,096	693,446	103,650
K-3 reading program:				
Instruction	76,000	76,000	72,947	3,053
Total Expenditures	<u>11,441,152</u>	<u>12,344,461</u>	<u>11,688,974</u>	<u>655,487</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,441,152)</u>	<u>(12,344,461)</u>	<u>1,135,107</u>	<u>13,479,568</u>
Fund Balance - Beginning	-	-	892,302	892,302
Fund Balance - Ending	<u>\$ (11,441,152)</u>	<u>\$ (12,344,461)</u>	<u>\$ 2,027,409</u>	<u>\$ 14,371,870</u>

See accompanying Notes to Required Supplementary Information

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variances - Final to Actual
	Adopted	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,830,665	\$ 2,830,665
Investment earnings	-	-	2,794	2,794
Other	-	-	1,110	1,110
Total Revenues	-	-	2,834,569	2,834,569
EXPENDITURES				
Regular education:				
Instruction	176,033	192,165	457,456	(265,291)
Support services - students	85,358	93,181	221,821	(128,640)
Support services - instructional staff	5,975	6,522	15,527	(9,005)
Support services - general administration	8,836	9,646	22,962	(13,316)
Support services - school administration	987	1,078	2,566	(1,488)
Operations and maintenance of plant	13,070	14,268	33,965	(19,697)
Total regular education	290,259	316,860	754,297	(437,437)
Special education:				
Instruction	152,716	166,712	396,865	(230,153)
Support services - students	3,108	3,393	8,077	(4,684)
Total special education	155,824	170,105	404,942	(234,837)
Capital outlay				
Facilities acquisition	671,172	732,682	1,744,178	(1,011,496)
Total Expenditures	1,117,255	1,219,647	2,903,417	(1,683,770)
Excess (Deficiency) of Revenues Over Expenditures	(1,117,255)	(1,219,647)	(68,848)	1,150,799
Other Financing Sources (Uses):				
Transfers out	-	-	(11,804)	(11,804)
NET CHANGE IN FUND BALANCE	(1,117,255)	(1,219,647)	(80,652)	1,138,995
Fund Balance - Beginning, as restated	-	-	89,188	89,188
Fund Balance - Ending	\$ (1,117,255)	\$ (1,219,647)	\$ 8,536	\$ 1,228,183

See accompanying Notes to Required Supplementary Information

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2025**

NOTE 1 – AVAILABILITY OF OPEB INFORMATION

Information related to the OPEB plans was not presented as the activity was not significant to the District.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	General Fund				
	Total	Total	Other Financing Sources and Uses	Fund balance beginning of year	Fund balance end of year
	Revenues	Expenditures			
Statement of revenues, expenditures and changes in fund balance	\$ 13,999,373	\$ 13,430,201	\$ 11,804	\$ 2,767,548	\$ 3,348,524
Non-maintenance and operation activity included in the General Fund	(1,175,292)	(1,741,227)	(11,804)	(1,875,246)	(1,321,115)
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	\$ 12,824,081	\$ 11,688,974	\$ -	\$ 892,302	\$ 2,027,409

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2025

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECTS FUNDS

Building Renewal Grant Fund - accounts for building renewal grant monies that districts may request from ADOA's Division of School Facilities.

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025**

	Special Revenue Funds				Projects Fund	Total Non-Major Governmental Funds
	Classroom Site Fund	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Building Renewal Grant Fund	
ASSETS						
Cash and investments	\$ 693,906	\$ 31,994	\$ 381,049	\$ 2,000	\$ -	\$ 1,108,949
Receivables:						
Intergovernmental	-	44,634	43,983	18,866	9,168	116,651
Accounts receivable	-	-	100	-	-	100
Deposits	-	-	-	23,796	-	23,796
Total Assets	\$ 693,906	\$ 76,628	\$ 425,132	\$ 44,662	\$ 9,168	\$ 1,249,496
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 1,540	\$ 18,621	\$ -	\$ 20,161
Accrued wages	40,283	2,752	3,719	6,859	-	53,613
Due to other funds	-	-	-	16,886	9,168	26,054
Total Liabilities	40,283	2,752	5,259	42,366	9,168	99,828
FUND BALANCES						
Restricted	653,623	73,876	419,873	2,296	-	1,149,668
Total Fund Balances	653,623	73,876	419,873	2,296	-	1,149,668
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 693,906	\$ 76,628	\$ 425,132	\$ 44,662	\$ 9,168	\$ 1,249,496

ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2025

	Special Revenue Funds				Projects Fund	Total Non-Major Governmental Funds
	Classroom Site Fund	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Building Renewal Grant Fund	
REVENUES						
Intergovernmental	\$ 1,244,007	\$ 93,641	\$ -	\$ 388,890	\$ 651,332	\$ 2,377,870
Tuition	-	-	224,922	-	-	224,922
Food sales	-	-	-	40,862	-	40,862
Student activities	-	-	263,092	-	-	263,092
Investment earnings (loss)	17,359	5,639	3,498	55	997	27,548
Other	-	-	34,385	156	2,120	36,661
Total Revenues	1,261,366	99,280	525,897	429,963	654,449	2,970,955
EXPENDITURES						
Current						
Instruction	1,319,025	394,600	510,849	-	-	2,224,474
Support services:						
Students	7,644	198	597	-	-	8,439
Instructional staff	-	-	1,922	-	-	1,922
Operations and maintenance of plant	-	-	1,404	-	7,634	9,038
Operations of noninstructional services	-	-	-	429,908	-	429,908
Capital outlay:						
Facilities acquisition	-	-	-	-	648,721	648,721
Total Expenditures	1,326,669	394,798	514,772	429,908	656,355	3,322,502
Excess (Deficiency) of Revenues Over Expenditures	(65,303)	(295,518)	11,125	55	(1,906)	(351,547)
Fund Balance - Beginning	718,926	369,394	408,748	2,241	1,906	1,501,215
Fund Balance - Ending	\$ 653,623	\$ 73,876	\$ 419,873	\$ 2,296	\$ -	\$ 1,149,668

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
CLASSROOM SITE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variances - Final to Actual
	Adopted	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,244,007	\$ 1,244,007
Investment earnings	-	-	17,359	17,359
Total Revenues	-	-	1,261,366	1,261,366
EXPENDITURES				
Regular education:				
Instruction	1,081,689	1,796,865	1,207,872	588,993
Support services - students	6,845	11,371	7,644	3,727
Total regular education	1,088,534	1,808,236	1,215,516	592,720
Special education:				
Instruction	99,541	165,354	111,153	54,201
Total Expenditures	1,188,075	1,973,590	1,326,669	646,921
Excess (Deficiency) of Revenues Over Expenditures	(1,188,075)	(1,973,590)	(65,303)	1,908,287
Fund Balance - Beginning	-	-	718,926	718,926
Fund Balance - Ending	\$ (1,188,075)	\$ (1,973,590)	\$ 653,623	\$ 2,627,213

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 INSTRUCTIONAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts Adopted and Final</u>	<u>Actual</u>	<u>Variances - Final to Actual</u>
REVENUES			
Intergovernmental	\$ -	\$ 93,641	\$ 93,641
Investment earnings	-	5,639	5,639
Total Revenues	<u>-</u>	<u>99,280</u>	<u>99,280</u>
EXPENDITURES			
Regular education:			
Instruction	119,940	394,600	(274,660)
Support services - students	60	198	(138)
Total Expenditures	<u>120,000</u>	<u>394,798</u>	<u>(274,798)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(120,000)</u>	<u>(295,518)</u>	<u>(175,518)</u>
Fund Balance - Beginning	-	369,394	369,394
Fund Balance - Ending	<u>\$ (120,000)</u>	<u>\$ 73,876</u>	<u>\$ 193,876</u>

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Variances -</u>
	<u>Adopted and Final</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES			
Tuition	\$ -	\$ 224,922	\$ 224,922
Student activities	-	263,092	263,092
Investment earnings	-	3,498	3,498
Other	-	34,385	34,385
Total Revenues	<u>-</u>	<u>525,897</u>	<u>525,897</u>
EXPENDITURES			
Regular education:			
Instruction	236,237	293,311	(57,074)
Support services - instructional staff	1,548	1,922	(374)
Operations and maintenance of plant	1,131	1,404	(273)
School sponsored athletics	10,512	13,051	(2,539)
Total regular education	<u>249,428</u>	<u>309,688</u>	<u>(60,260)</u>
Special education:			
Instruction	164,698	204,487	(39,789)
Support services - students	481	597	(116)
Total special education	<u>165,179</u>	<u>205,084</u>	<u>(39,905)</u>
Total Expenditures	<u>414,607</u>	<u>514,772</u>	<u>(100,165)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(414,607)</u>	<u>11,125</u>	<u>425,732</u>
Fund Balance - Beginning	<u>-</u>	<u>408,748</u>	<u>408,748</u>
Fund Balance - Ending	<u>\$ (414,607)</u>	<u>\$ 419,873</u>	<u>\$ 834,480</u>

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			<u>Variances -</u>
	<u>Adopted and</u>		<u>Actual</u>	<u>Final to Actual</u>
	<u>Final</u>			
REVENUES				
Intergovernmental	\$ -	\$	388,890	\$ 388,890
Food service sales	-		40,862	40,862
Investment earnings	-		55	55
Other	-		156	156
Total Revenues	-		429,963	429,963
EXPENDITURES				
Regular education:				
Operation of noninstructional services	476,030		429,908	46,122
Total Expenditures	476,030		429,908	46,122
Excess (Deficiency) of Revenues Over Expenditures	(476,030)		55	476,085
Fund Balance - Beginning	-		2,241	2,241
Fund Balance - Ending	\$ (476,030)	\$	2,296	\$ 478,326

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 BUILDING RENEWAL GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts Adopted and Final</u>	<u>Actual</u>	<u>Variances - Final to Actual</u>
REVENUES			
Intergovernmental	\$ -	\$ 651,332	\$ 651,332
Investment earnings	-	997	997
Other	-	2,120	2,120
Total Revenues	<u>-</u>	<u>654,449</u>	<u>654,449</u>
EXPENDITURES			
Regular education:			
Operations and maintenance of plant	-	7,634	(7,634)
Total regular education	<u>-</u>	<u>7,634</u>	<u>(7,634)</u>
Capital outlay:			
Facilities acquisition	-	648,721	(648,721)
Total Expenditures	<u>-</u>	<u>656,355</u>	<u>(656,355)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(1,906)</u>	<u>(1,906)</u>
Fund Balance - Beginning	<u>-</u>	<u>1,906</u>	<u>1,906</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
 BOND BUILDING FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		
	<u>Adopted and Final</u>	<u>Actual</u>	<u>Variances - Final to Actual</u>
EXPENDITURES			
Regular education:			
Instruction	\$ 1,170,489	\$ 913,120	\$ 257,369
Support services - central services	93,896	73,250	20,646
Operations and maintenance of plant	525,868	410,240	115,628
Total regular education	1,790,253	1,396,610	393,643
Capital outlay:			
Facilities acquisition	2,721,389	2,123,008	598,381
Debt service:			
Bond issuance cost	188,358	146,942	41,416
Total Expenditures	4,700,000	3,666,560	1,033,440
Excess (Deficiency) of Revenues Over Expenditures	(4,700,000)	(3,666,560)	1,033,440
Other Financing Sources (Uses):			
Proceeds from school improvement bonds	-	7,875,000	7,875,000
Premium on issuance of bonds	-	296,908	296,908
Net Financing Sources (Uses)	-	8,171,908	8,171,908
NET CHANGE IN FUND BALANCE	(4,700,000)	4,505,348	9,205,348
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ (4,700,000)	\$ 4,505,348	\$ 9,205,348

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted		
	Adopted and	Actual	Final to Actual
	Final		
REVENUES			
Property taxes	\$ -	2,272,648	\$ 2,272,648
Investment earnings	-	171,421	171,421
Total Revenues	-	2,444,069	2,444,069
EXPENDITURES			
Debt service:			
Principal retirement	638,984	2,455,000	(1,816,016)
Interest and fiscal charges	102,020	391,963	(289,943)
Total debt service	741,004	2,846,963	(2,105,959)
Total Expenditures	741,004	2,846,963	(2,105,959)
Excess (Deficiency) of Revenues			
Over Expenditures	(741,004)	(402,894)	338,110
Fund Balance - Beginning	-	862,093	862,093
Fund Balance - Ending	\$ (741,004)	\$ 459,199	\$ 1,200,203

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TOWNS OF EAGAR AND SPRINGERVILLE

The following information regarding Eagar and Springerville is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District, and consequently no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF EAGAR OR SPRINGERVILLE. The Bonds are direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

Town of Eagar

Eagar is located on the northeast slopes of the White Mountains and is set against a national forest of ponderosa pines. Its history dates to the late 1800's when John Thomas, Joel and William Eagar and the Robertson family homesteaded in Round Valley, Arizona. In 1888, the town was established under the name Union to unify the small settlements in the area. The name was changed to Eagar in 1892 and was incorporated in 1948. Eagar is on United States Highway 180, the direct link between Interstate 40 and Interstate 10, at its junction with United States Highway 60.

The following table illustrates respective population statistics for Eagar.

POPULATION STATISTICS

	<u>Town of Eagar</u>
2025 Estimate (a)	4,584
2020 Census	4,395
2010 Census	4,885
2000 Census	4,033
1990 Census	4,025
1980 Census	2,791

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

Eagar operates under the Council-Manager form of government. Legislative authority is vested in a six-member Council and the Mayor. The Council members are elected for four-year terms on a staggered basis. The Council fixes the duties and compensation of Eagar officials and employees and enacts ordinances and resolutions relating to town services, tax levies, appropriating and borrowing monies, licensing and regulating business and trades and other municipal purposes. The Town Council appoints the Town Manager.

The Town Manager is responsible for executing Council policies and administering Town operations. Eagar's government is responsible for furnishing basic municipal services. Primary services delivered by Eagar include police, municipal courts, fire protection, garbage collection, water and sewer services, finance, public services and general administration.

Eagar's government provides numerous services including police and fire protection, city courts, parks, recreation facilities, libraries, sanitation, sewer, water, transportation (including streets and public transit), airports, neighborhood improvement and housing, community and economic development and convention and cultural services.

Economy

For many years, agriculture and trading were the focus of the area. While ranching and hay production are still important, the construction of two power plants, the start of a sawmill and other timber-related industries, and the growing tourism/recreation trade has broadened the economic base. Eagar is in the center of the White Mountain Recreation Area. Tourist activity brings approximately 100,000 people to the national forest, making the trade and services sector vital to the economy.

The table below illustrates the unemployment rate averages for Eagar.

UNEMPLOYMENT RATE AVERAGES

Calendar Year	Town of Eagar (a)
2026 (b)	1.7%
2025	1.6
2024	1.4
2023	7.0
2022	7.0
2021	9.0

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data through January 2026.

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates historical transaction privilege (sales) tax collections for Eagar.

**TRANSACTION PRIVILEGE (SALES) TAX COLLECTIONS
Town of Eagar, Arizona
(\$000s omitted)**

Fiscal Year	Amount
2024/25	\$1,767
2023/24	1,705
2022/23	1,694
2021/22	1,578
2020/21	1,420

Source: Arizona Department of Revenue.

Town of Springerville

General

Springerville is in an area known as Round Valley in the foothills of the White Mountains. Springerville, on the banks of the Little Colorado River, grew around Henry Springer’s Trading Post. It was established in 1879, but was not incorporated until 1948. Springerville is located about 220 miles northeast of the City of Phoenix, Arizona.

The table below illustrates population statistics for Springerville.

POPULATION STATISTICS Town of Springerville, Arizona

	<u>Town of Springerville</u>
2025 Estimate (a)	1,711
2020 Census	1,717
2010 Census	1,961
2000 Census	1,972
1990 Census	1,802
1980 Census	1,452

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

Springerville operates under and is governed by the Council-Manager form of government. Legislative authority is vested in a five-member Town Council consisting of a mayor elected at large and four council members elected based on a system of geographic districts. The Mayor and Council members serve a term of four years on a staggered basis. The Council fixes compensation of officials and employees, enacts ordinances and resolutions relating to Springerville’s services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes and appoints the Town Manager. The Town Manager is responsible for executing Council policies and administering town operations.

Springerville is responsible for furnishing basic municipal services. Primary services delivered by Springerville include police, municipal courts, fire protection, garbage collection, water and sewer services, finance, public services and general administration.

Economy of the Area

Springerville has a variety of activities including tourism, agriculture, construction, forest service, hunting, fishing, lumbering and retail sales. Service to the tourist trade and local community is the major contributor to the employment structure, followed by retail trade.

The following table illustrates the unemployment rate averages for Springerville.

**UNEMPLOYMENT RATE AVERAGES
Town of Springerville, Arizona**

Calendar Year	Town of Springerville (a)
2026 (b)	0.9%
2025	0.9
2024	0.7
2023	1.6
2022	1.5
2021	1.9

(a) *Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Substate area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.*

(b) *Data through January 2026.*

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates transaction privilege (sales) tax revenues for Springerville.

**MUNICIPAL PRIVILEGE (SALES) TAX COLLECTIONS
Town of Springerville, Arizona
(\$000s omitted)**

Fiscal Year	Amount
2024/25	\$2,682
2023/24	2,681
2022/23	2,554
2021/22	2,409
2020/21	2,024

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

APACHE COUNTY, ARIZONA

The following information regarding the County is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently, no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE COUNTY. The Bonds will be direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The County was formed in 1879 by the 10th Territorial Legislative Assembly from a portion of Yavapai County, Arizona. The County is located in northeastern corner of Arizona, bordered on the north by the state of Utah, on the east by the state of New Mexico, on the west by Navajo County, Arizona and on the south by Greenlee County, Arizona and Graham County, Arizona. Geographically the County is broken into two distinct geographic regions: the northern section of the County is comprised of plateaus and mesas while the southern section of the County, containing the White Mountains, is forested and contains green pastures in the valleys. Excellent fishing, hunting and skiing make the County a year-round recreation area.

The County encompasses approximately 11,216 square miles. Approximately 87% of the land is under government control, with the Navajo and Apache Indian Reservations occupying 66% of the land. The following table illustrates land ownership in the County.

LAND OWNERSHIP
Apache County, Arizona

<u>Control/Ownership</u>	<u>Percent of Land in County</u>
Indian Reservation	66%
Individual or Corporation	13
Other Public Lands	21
Total	<u>100%</u>

Source: *Arizona County Profiles*, Arizona Department of Commerce.

Municipal Government and Organization

The governmental and administrative affairs of the County are carried out by a Board of Supervisors (the "Board") comprised of five members, each of whom serve four-year terms. The Board appoints a County Administrator who is responsible for carrying out Board policies and administering County operations.

Located within the County is St. Johns, Arizona which is the County seat, and the following principal communities: Eagar, Springerville and the unincorporated communities of Chinle, Ganado and Window Rock, Arizona, which are located within the Navajo Indian Reservation.

The following table illustrates respective population statistics for the principal communities of the County, the County and the State.

POPULATION STATISTICS

<u>Year</u>	<u>Town of Eagar</u>	<u>Town of Saint Johns</u>	<u>Town of Springerville</u>	<u>Apache County</u>	<u>State of Arizona</u>
Estimate 2025 (a)	4,584	3,395	1,711	65,998	7,718,747
2020 Census	4,395	3,417	1,717	66,021	7,151,502
2010 Census	4,885	3,480	1,961	71,518	6,392,017
2000 Census	4,033	3,269	1,972	69,423	5,130,632
1990 Census	4,025	3,294	1,802	61,591	3,665,339
1980 Census	2,791	3,368	1,452	52,108	2,716,546
1970 Census	1,279	1,320	1,151	32,304	1,775,399

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Economy

The economy of the County is based largely on tourism and related retail trade, government services, timber, livestock and utilities. The following table illustrates the employment structure in the County.

**NON-AGRICULTURAL EMPLOYMENT STRUCTURE
Apache County, Arizona**

	<u>2026 (a) Percent of Total</u>
Goods producing	5.4%
Trade, transportation and utilities	10.5
Other services	27.3
Government	56.8
Total	<u>100.0%</u>

(a) Data through January 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

LABOR FORCE AND NONFARM EMPLOYMENT
Apache County, Arizona

	<u>2026 (a)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Goods producing	950	925	800	850	875	850
Trade, transportation and utilities	1,850	1,850	1,875	1,900	1,850	1,975
Other services	4,825	4,775	4,525	4,550	4,400	4,500
Government	10,025	9,925	9,525	9,850	9,825	9,750
	<u>17,650</u>	<u>17,475</u>	<u>16,725</u>	<u>17,150</u>	<u>16,950</u>	<u>17,075</u>

(a) Data through January 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The following table illustrates the unemployment rate averages for the County, the State and the United States of America.

UNEMPLOYMENT RATE AVERAGES

<u>Calendar Year</u>	<u>Apache County (a)</u>	<u>State of Arizona (a)</u>	<u>United States of America</u>
2026 (b)	8.9%	4.8%	4.7%
2025	8.0	4.2	4.3
2024	6.9	3.6	4.0
2023	7.9	3.9	3.6
2022	7.8	3.8	3.6
2021	9.2	5.1	5.4

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and reestimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, reestimation, and controlling to new statewide totals.

(b) Data through January 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics and the U.S. Bureau of Labor Statistics.

Retail Sales

The following table illustrates retail sales for the County.

TAXABLE RETAIL SALES Apache County, Arizona (\$000s omitted)

<u>Calendar Year</u>	<u>Taxable Retail Sales (a)</u>
2026 (b)	\$29,245
2025	187,893
2024	161,278
2023	186,449
2022	227,851
2021	194,734

(a) *The statutory definition of "Retail Sales" is the business of selling tangible personal property at retail. Therefore, this class does not include services or hotels, restaurants or food sales.*

(b) *Data through February 2026.*

Source: Arizona Department of Revenue, Office of Economic Research and Analysis.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS Apache County, Arizona (\$ in millions)

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$423
2024	370
2023	369
2022	391
2021	316

Source: Federal Deposit Insurance Corporation.

FORM OF APPROVING LEGAL OPINION

[Closing Date]

GOVERNING BOARD
ROUND VALLEY UNIFIED SCHOOL DISTRICT
NO. 10 OF APACHE COUNTY, ARIZONA

We have acted as bond counsel to the Round Valley Unified School District No. 10 (the “*District*”) of Apache County, Arizona (the “*County*”) in connection with the issuance of its \$7,000,000* aggregate principal amount of School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified) (the “*Bonds*”). The Bonds are dated [Closing Date], and bear interest payable January 1 and July 1 of each year to maturity, commencing January 1, 2027*. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to give the opinions below.

As to questions of fact material to the opinions below, we have relied upon, and assumed due and continuing compliance with the provisions of, the certified proceedings and other certifications, covenants, and representations furnished to us without undertaking to verify them by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The Bonds have been duly authorized and executed by the District and are valid and binding general obligations of the District.

2. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that the Board of Supervisors of the County levy, at the time of making the levy of taxes for County purposes, an annual tax upon the taxable property in the District sufficient to pay the principal of and interest on the Bonds when due.

3. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “*Code*”) and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. For purposes of this opinion, we have assumed continuing compliance by the District with such restrictions, conditions, and requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

* *Subject to change.*

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated as of [_____, 2026], relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$7,000,000*
ROUND VALLEY UNIFIED SCHOOL DISTRICT NO. 10
OF APACHE COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS,
PROJECT OF 2023, SERIES B (2026)
(BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP Base No. 037447)

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is undertaken by Round Valley Unified School District No. 10 of Apache County, Arizona (the “District”) in connection with the issuance of its \$7,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified) (the “Bonds”). In consideration of the initial sale and delivery of the Bonds, the District covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is for the benefit of the Bondholders (as defined herein) and in order to assist the Participating Underwriter (as defined herein) in complying with the Rule (as defined herein).

Section 2. Definitions. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

“Annual Report” shall mean the annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” shall mean the District’s annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the District intends to continue to prepare in substantially the same form.

“Bond Counsel” shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the District.

“Bondholder” shall mean any registered owner or beneficial owner of the Bonds.

“Dissemination Agent” shall mean the District, or any person designated in writing by the District as the Dissemination Agent.

“EMMA” shall mean the Electronic Municipal Market Access system of MSRB, or any successor thereto approved by the Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

“Financial Obligation” shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii), except that “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

* *Subject to change.*

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” shall mean the final official statement dated [_____, 2026] relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) Commencing March 1, 2027, and by no later than March 1 of each year thereafter (the “Filing Date”), the District shall, either directly or by directing the Dissemination Agent to do so, provide an Annual Report to MSRB. The Annual Report shall be provided electronically and in a format prescribed by MSRB. The Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Certificate and shall include information from the fiscal year ending on the preceding June 30. All documents provided to MSRB shall be accompanied by identifying information prescribed by MSRB. Currently, filings are required to be made with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District).

(b) If the District is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the District shall, in a timely manner, send a notice to EMMA in substantially the form attached as Exhibit A not later than the Filing Date.

(c) If the District’s Audited Financial Statements are not submitted with the Annual Report and the District fails to provide to EMMA a copy of its Audited Financial Statements within thirty (30) days of receipt thereof by the District, then the District shall, in a timely manner, send a notice to EMMA in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) Determine the proper electronic filing address of EMMA each year prior to the date(s) for providing the Annual Report and Audited Financial Statements; and

(ii) If the Dissemination Agent is other than the District, file a report or reports with the District certifying that the Annual Report and Audited Financial Statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the Audited Financial Statements of the District; provided, however, that if the Audited Financial Statements of the District are not available at the time of the filing of the Annual Report, the District shall file unaudited financial statements of the District with the Annual Report and, when the Audited Financial Statements of the District are available, the same shall be submitted to EMMA within thirty (30) days of receipt thereof by the District.

(b) The District’s Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, Audited Financial Statements for the District.

(B) Annually updated financial information and operating data of the type contained in the following tables in APPENDIX A – “THE DISTRICT – DISTRICT INFORMATION” and APPENDIX B – “THE DISTRICT – FINANCIAL INFORMATION” of the Official Statement:

- (1) Table 2 – Average Daily Membership;
- (2) Table 7 – Property Taxes Levied and Collected;
- (3) Table 9 – Net Limited Assessed Property Value by Property Classification;
- (4) Table 10 – Net Limited Assessed Property Value of Major Taxpayers; and
- (5) Tables 15 and 16 – Constitutional/Statutory Debt Limit/Unused Borrowing Capacity after Bond Issuance.

(C) In the event of an amendment pursuant to Section 8 of this Disclosure Certificate not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the District’s Audited Financial Statements is contained in Note 1 of the Audited Financial Statements included within the Official Statement.

Notice of amendment to the accounting principles shall be sent within thirty (30) days to EMMA.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section shall govern the giving of notices by the District, either directly or by directing the Dissemination Agent to do so, of the occurrence of any of the following events with respect to the Bonds. The District shall in a timely manner, not in excess of ten (10) business days after the occurrence of the event, provide notice of the following events with EMMA:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of

business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders, if material; and
- (xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) “Materiality” will be determined in accordance with the applicable federal securities laws.

Note to Section 5(a)(xii): For the purposes of the event identified in subsection (a)(xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the obligation of the District to give notice of such defeasance or prior redemption.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the District, or the type of business conducted;

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Section 9. Filing with EMMA. The District shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. Additional Information. The District may, at the District’s election, include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate. If the District chooses to include such information, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder may seek specific performance by court order to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. Compliance by District. The District hereby covenants to comply with the terms of this Disclosure Certificate. The District expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter or Bond Counsel.

Section 13. Subject to Appropriation. Pursuant to Arizona law, the District's undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and sending the Annual Report and notices of Listed Events to EMMA. Should funds that would enable the District to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact shall, in a timely manner, be sent to EMMA in substantially the form attached as Exhibit C.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Section 15. Governing Law and Interpretation of Terms. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Dated: [Closing Date].

**ROUND VALLEY UNIFIED SCHOOL DISTRICT NO.
10 OF APACHE COUNTY, ARIZONA**

By _____
Its Business Manager

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Round Valley Unified School District No. 10 of Apache County, Arizona
Name of Bond Issue: \$7,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified)
Dated Date of Bonds: [Closing Date] Base CUSIP: 037447

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated [Closing Date]. The District anticipates that the Annual Report for fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

Round Valley Unified School District No. 10 of Apache
County, Arizona

By _____
Its _____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: Round Valley Unified School District No. 10 of Apache County, Arizona
Name of Bond Issue: \$7,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified)
Dated Date of Bonds: [Closing Date] Base CUSIP: 037447

NOTICE IS HEREBY GIVEN that the District failed to provide its Audited Financial Statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Continuing Disclosure Certificate dated [Closing Date], with respect to the above-named Bonds. The District anticipates that the Audited Financial Statements for the fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

Round Valley Unified School District No. 10 of Apache
County, Arizona

By _____
Its _____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: Round Valley Unified School District No. 10 of Apache County, Arizona
Name of Bond Issue: \$7,000,000* School Improvement Bonds, Project of 2023, Series B (2026) (Bank Qualified)
Dated Date of Bonds: [Closing Date] Base CUSIP: 037447

NOTICE IS HEREBY GIVEN that the District failed to appropriate funds necessary to perform the undertaking required by the Continuing Disclosure Certificate dated [Closing Date].

Dated: _____

Round Valley Unified School District No. 10 of Apache
County, Arizona

By _____
Its _____

* Subject to change.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.