

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



TUCSON UNIFIED SCHOOL DISTRICT NO. 1
TUCSON, ARIZONA



Tucson Unified School District No. 1

Tucson, Arizona

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2025**

Issued by:
Financial Services Department

Tucson Unified School District No. 1

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Introductory Section

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March 5, 2026

Citizens and Governing Board
Tucson Unified School District No. 1
1010 E. Tenth St.
Tucson, AZ 85719

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Tucson Unified School District No. 1 (District) for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of *Management's* Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

Discover TUSD: History, Tradition, Culture and YOU!

<https://youtu.be/lbGaH8olZcc>

Tucson Unified School District is the oldest school district in Arizona. The Pima County Board of Supervisors met on November 18, 1867, to officially establish School District No. 1 of Pima County, 45 years before Arizona became a State. The District's first class had an enrollment of 55 students. On July 1, 1977, marked the beginning of a new name: Tucson Unified School District, with the merger of Tucson Elementary School District and Tucson High School District. Over 150 years after that first class met, Tucson Unified continues to provide a high-quality public education serving over 40,000 students from Pre-Kindergarten through grade 12. There are 88 schools that are across 230 square miles of City of Tucson, South Tucson, and unincorporated areas of Pima County. The average age of school structures is 50 years.

As the largest school district in Southern Arizona and among the 120 largest school districts in the United States, over 82 percent of Tucson Unified's 2024-25 student enrollment comes from diverse racial and ethnic groups and speaking more than 90 world languages. The District offers extensive educational opportunities for students such as advanced learning experiences (ALE), career and technical education (CTE), gifted and talented education (GATE), award-winning fine and performing arts, inclusive special education, rich bilingual and multicultural education. The District is composed of traditional comprehensive schools, magnet schools, flexible alternative programs customized to meet our students' needs. The newest addition to the District is the Tucson Unified Virtual Academy (TUVA), providing both asynchronous and synchronous virtual instruction to any student in Pima County and across Arizona. The District is also a proud member of the Pima Joint Technical Education District (JTED), the premier career and technical education district in Southern Arizona providing students with rigorous, relevant programs to earn industry certification taking them directly into the workforce or to a post-secondary education.

Each of Arizona's school districts is a separate political subdivision of the state with geographic boundaries organized for the purpose of the administration, support and maintenance of public schools. The District's purpose and responsibility are to provide educational programs and services for the children enrolled in its schools within its boundaries.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses. The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Workers' compensation insurance and certain employee health insurance benefits are provided through legally separate trusts, which function in essence as departments of the District and therefore are included as an integral part of the District financial statements. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and extracurricular activities.

The District maintains budgetary controls as an integral part of its overall system of internal controls. The objective of these budgetary controls is to ensure compliance with legal provisions included in the annual expenditure budget adopted by the District's Governing Board. The annual expenditure budget also serves as the foundation for the District's financial planning and control. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have overexpenditures of budgeted funds, as the budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. Arizona Revised Statutes permits the adopted expenditure budget to be revised annually. The District additionally exercises management control and oversight of the budget at the fund level. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The economy of the District is centered on Pima County, which has a population of approximately 1.3 million residents. The City of Tucson is the second largest metropolitan area in Arizona and encompasses approximately 227 square miles. The principal economic activities within the District include aerospace and defense, optics/photonics, renewable energy, tourism, manufacturing, healthcare, and government/public sector services. Some of Tucson's largest employers are listed in the Statistical Section of this Annual Comprehensive Financial Report.

Tucson is known for renowned events, which includes the Tucson Gem, Mineral and Fossil Show, the Tucson Festival of Books, El Tour de Tucson, La Fiesta de Los Vaqueros, the Tucson International Mariachi Conference, and the Arizona Bowl. The Tucson Metropolitan Statistical Area (MSA) increased its population by 1.0% in 2024, which ranked eighth out of 12 western MSA; ahead of El Paso, Albuquerque and San Diego. The Tucson MSA is home to approximately 1.0 million residents. The Great Recession of 2008 had a significant impact on the Tucson MSA, with a decline in the GDP by 6.6%. The Eller Economic and Business Research Center indicated that the Tucson MSA's GDP decline was 2.5 times deeper than the national average. From the trough of 2009 through 2023, Tucson's real GDP has grown approximately 33.5% or about 2.1% annually on average. Tucson's economic resilience during the pandemic that came 10 years after the recession highlighted the ability for the local economy to recover around certain sectors, despite having challenges around professional and business services.

During the height of the COVID-19 pandemic in 2020, the Tucson MSA experienced a modest decline in real GDP of approximately (1.7%), reflecting the national economic contraction that year. By 2021, Tucson's economy had rebounded roughly by 7.7%, followed by continued, moderate real growth of 1.4% in 2022, and about 2.1% in 2023. These gains highlight steady post-pandemic recovery and align broadly with statewide economic patterns. Tucson's growth is driven by its diverse economic base, anchored by government and military operations, defense and aerospace manufacturing, and the University of Arizona – an R1 research institution that contributes significantly to regional innovation and employment. Furthermore, employment trends mirror this steady rebound. Non-farm payroll employment in the Tucson MSA increased by 1.3% year-over-year through fiscal year 2023-24, slightly below Arizona's statewide growth of 1.9%. This reflects ongoing but measured expansion in local labor markets following the pandemic's disruptions.

State funding. The State Legislature took a significantly more modest approach to any revenue increases for school districts and other governmental services in the 2024-25 fiscal year, compared to the prior year. The Base Support Level was increased by a statutory minimum 2% inflationary increase. The three-year increase to school districts' Unrestricted Capital Outlay funding was cancelled. In its place, school districts received a one-time allocation of State Aid to support the capital outlay funds, which expired on June 30, 2025. This caused the District to contract its financial commitment to instructional capital needs, pushing future curriculum adoptions to future fiscal years.

Like the cancellation of the Capital Outlay increase, the "opportunity weight" for students who are eligible for free-and-reduced priced lunch through the National School Lunch Program was also cancelled. Tucson Unified expected an additional increase of \$1.0 million from the three-year phased increase in funding. Similarly, the State provided a one-time allocation of State Aid to support this "opportunity weight," with an expiration on June 30, 2025. Again, this further limited the District's capacity to focus on programmatic needs of students due to the economic conditions of the State budget.

The State's baseline projection at the end of the 2023-24 fiscal year was over \$900 million from original projections. One-time revenues fell sharply, and the 2024-25 fiscal year baseline assumed a decline of approximately \$2.25 billion from the prior year. Although the State's Budget Stabilization Fund continues to have a fund balance of \$1.5 billion, the fund balance for fiscal year 2024-25 was only estimated to be approximately \$96.0 million. The transition of several education-related funding items from ongoing to one-time funding starting in fiscal year 2024-25 are flagged as a risk for continuity. Other long-term investments are facing reductions or deferrals as a response to fiscal pressure. Finally, the budget continues to increase transfers to the General Fund from other state funds to help plug shortfalls.

Post COVID-19 Environment. At the height of the COVID-19 pandemic, the District implemented a taskforce from all major functional areas and departments. The focus was to develop pandemic protocols, a virtual education plan, and a disinfection/transmission reduction plan. The District provided remote instruction to students upon the Governor’s declaration of a statewide school closure protocol, which began on March 2, 2020. On March 3, 2021, the Governor issued Executive Order 2021-04, which required all school districts to return to in-person learning by March 22, 2021, while continuing to offer a remote learning model to accommodate students who opted to continue a virtual learning option.

The District was able to recover some of the losses through \$18.5 million in relief funding from the Coronavirus Aid, Relief and Economic Security Act (CARES), which funded the Enrollment Stability Grant from the Governor’s Office. Ultimately, the impact on the District’s average daily membership resulted in a loss of 2,767 students, or 6.6%. The District received a total award of \$15.2 million from the Enrollment Stability Grant (ESG) program, which covered expenses through December 30, 2020. Tucson Unified received the largest allocation of Elementary and Secondary School Emergency Relief (ESSER) grant funds of all Arizona public school districts, approximately \$267.9 million from the ESSER grant program.

Tucson Unified’s ESSER grant program ended on September 30, 2024. The 2024-25 fiscal year was the first full fiscal year where the District assumed some of the ongoing commitments that made notable academic achievements as part of the pandemic recovery programs. The District assumed the responsibility to continue supporting ESSER-funded academic interventionists, counselors, and social workers, while other programs were terminated once ESSER expired. The District spent 99.5% of all ESSER funds awarded.

District Plans. Tucson Unified School District is poised to realize its full potential as a high-performing school district delivering a college- and career-ready education for every student in every school in every part of Tucson.

A. Five-Year Strategic Plan:

In the 2023-24 school year, the District began the full implementation of the key performance indicators related to the District’s Five-Year Strategic Plan. The strategic plan was informed by key studies: a curriculum audit, an efficiency audit, a demographic study and a boundary review. These audits and plans were used to form the basis for understanding where Tucson Unified needs to grow and improve. The new Five-Year Strategic Plan was approved by the Governing Board in fiscal year 2021-22. The new plan will focus on five key pillars: Excellence, Innovation, Integrity, Diversity, and Caring Community. These will be driven by six key goals: Future-Focused Learning; Social and Emotional Well-Being; Equity, Diversity, and Inclusion; Professional Growth, Community Strength, and Optimized Resources. The District’s vision under this new plan is to, “Inspire a diversity community to connect, learn, innovate, and lead for a better world.” This is embraced by the District’s new mission statement, “Our community prepares all students to become responsible, ethical, and engaged global citizens by creating relevant, dynamic, and joyful educational experiences that embrace cultural diversity.” The key performance indicators (KPI) for the metrics are currently being evaluated, as State testing data from spring 2025 is being compiled.

B. Comprehensive Curriculum:

During the 2024-25 school year, Tucson Unified advanced a comprehensive and strategic agenda to strength curricular coherence, instructional quality, and equitable access to learning across all schools. The Curriculum and Instruction Division implemented seven focused goals anchored in the District’s “Triple Crown” priority of high-quality Tier 1 instruction, effective Professional Learning Communities (PLCs), and curricular integrity.

Key initiatives included the development of a Districtwide walkthrough protocol to ensure consistent monitoring of instructional practices, the launch of a targeted Intervention Initiative to support students on the cusp of proficiency in English Language Arts and Mathematics, and a revitalized Instructional Leadership Academy designed to deepen principals’ instructional leadership capacity. The District also made significant progress on the development and implementation of its Literacy Framework, aligning literacy instruction with the Science of Reading to ensure all students receive evidence-based, high-quality instruction.

As part of this work, the District adopted a new phonics curriculum to support foundational literacy development and strengthen alignment with the Literacy Framework initiative. In addition, the Curriculum and Instruction Division updated all Instructional Guidelines documents and Scope and Sequence materials to reflect the current Arizona State Standards, ensuring curricular alignment, clarity, and consistency across grade levels and content areas. Complementary efforts enhanced professional development on teacher clarity, PLC structures, and curriculum implementation, while expanding English learner supports and launching a new Regional Exceptional Education model to strengthen service delivery and collaboration. Collectively, these efforts represent a cohesive and forward-looking approach to advancing curriculum and instruction statewide.

C. Technology

The Technology Services Department (TS) continues to advance its mission of developing, implementing, and optimizing technology tools and resources that enhance both instructional and operational performance across the District. Through these efforts, TUSD ensures that students, teachers, staff, schools, departments, and the broader community are equipped with secure, reliable, and innovative technology systems that support learning, efficiency, and transparency.

During the past fiscal year, TS led a broad portfolio of initiatives designed to strengthen cybersecurity, modernize network infrastructure, and expand cloud computing capabilities. The department continues to enhance instructional technology through expanded teaching and learning applications, comprehensive staff training, and the ongoing support of interactive classroom panels. TUSD’s one-to-one student device programs remain a cornerstone of digital equity, providing every student with a device and home internet access to facilitate both on-site and remote learning. In addition, the team is leveraging data analytics, key performance indicators, and dashboards to inform decision-making and improve service delivery.

Other significant initiatives include the implementation of a Districtwide automated inventory and device life cycle management system, a paper reduction initiative, and the expansion of the 24/7 Customer Service Center to support instructional and operational needs. The department also continues to align technology investments with budget priorities and available funding sources, including local, state, federal and private grant opportunities. Research and development efforts in emerging technologies – such as artificial intelligence – along with support for the 2023 Bond Program, transportation optimization, and campus security systems, underscore TUSD’s commitment to innovation, fiscal stewardship and student success.

D. Desegregation Order:

Since 2023, the Tucson Unified School District has continued the faithful implementation of the tenets of the Post-Unitary Status Plan (PUSP) under the guidance of the District's elected Governing Board. The District's commitment to investment in diversity, equity, and inclusion in all its educational and support programs will be a guidepost in the PUSP's work.

As the District's PUSP initiatives continue to evolve, the Assessment & Evaluation Department will begin a comprehensive, data-driven evaluation of all Desegregation-funded programs and initiatives to determine their overall effectiveness and the future role these will play in the District's overall educational mission to serve students of diverse backgrounds. This comprehensive evaluation protocol will enable the District to provide recommendations to the Governing Board and the future of these programs within the confines of the funding authorized under §15-910, Paragraph G of Arizona Revised Statutes. A limitation of this statute is that it prevents any changes in the overall budget allocation beyond the budget limit set in the 2009-10 fiscal year.

The budget capacity set under the law does not help to meet the increased demands from departments and programs that support the PUSP's implementation. By focusing on a comprehensive evaluation of Desegregation-funded programs, it will help inform the Governing Board as to the direction and evolution of the District's Desegregation strategies. The District continues to be committed towards preventing ever returning to any of the biases that kept Tucson Unified under court supervision for more than 40 years. However, to be faithful to the programs and to ensure that the District remains a good steward of taxpayers' dollars, it is imperative that all programming be evaluated – not just for effectiveness and impact, but for program levels of investment given the limited capacity.

E. 2023 School Improvement Bond Program

Fiscal year 2024-25 was the full first year of implementation of the \$480.0 million school improvement program authorized by voters in November 2023. Since the start of the program, the District has investments over \$38.0 million in critical infrastructure improvements. By the end of the 2025-26 fiscal year, the District projects expenditures to reach \$90.0 million as the rollout of large scale projects begins in earnest. As planned, the District will begin working on an additional bond issuance in the 2026, to fund the next tier of bond projects.

Like many governmental entities with major capital improvement programs, the District has experienced a significant increase the cost of labor and materials that will bring many projects to fruition. These inflationary and market forces have a significant impact on the real value of bond dollars and, as such, will require that the District to remain faithful towards priorities that are more closely related to our students: heating, ventilation, and air conditioning (HVAC), health and school safety, and learning space enhancements.

The District will also focus on supplementing the bond program's initiatives with other district funds to help provide support for these bond projects that may need to be deferred. The District continues to leverage funding from the State's Building Renewal Grant (BRG) program. From the 2020 to 2024, the District has been approved for 183 individual projects valued at nearly \$44.0 million. During the 2024-25 fiscal year, the District was approved for an additional 54 projects totaling over \$10.0 million. While these critical investments from the State are welcome news for our schools, the BRG program continues to be woefully insufficient for all of Arizona school districts. The demands on the BRG program continue to exceed the \$240.0 million appropriation, causing application approvals to cease 6-7 months into the fiscal year. These further exacerbates deferred maintenance in Tucson Unified.

Earlier this year, the Maricopa County Superior Court ruled in favor of the school districts who brought a capital funding lawsuit against the State in 2017 (*Glendale Elementary School District et.al. v. State of Arizona*). The lawsuit argued that the state failed to provide sufficient, “general and uniform” funding for school facilities, forcing school districts to rely on local bonds. The judge in the case ruled that the state’s funding system for school facilities violated the State constitution. The State intervenors are currently contemplating an appeal, but this provides some positive direction related to the inadequacy of the State’s capital funding system.

F. General Fund Efficiency Measures:

As the overall population of school-aged students, and consequently, enrollment in Tucson Unified continues to be a challenge, the District has focused on efficiency measures to not only stabilize its financial portfolio, but also how to ensure quality educational services given the level of resources at its disposal. Some of these strategies include:

- The Enrollment Recovery Taskforce is recommending implementation of a customer service training series across the District for departments and schools. The focus will be on frontline staff who have direct contact with families and community members to instill a stronger sense of support for their students’ needs.
- The District finalized its planning around a more universal approach to student transportation services for the upcoming 2025-26 school year. This strategy focused around 1) reducing the walking zone for students from 2 miles to 1 mile, increasing the eligibility for district students to use district school buses, 2) providing an easier request process for families to be provided with student transportation regardless of whether you are a District resident, a magnet student, or an open-enrollment student, and 3) increased presence of out of District school bus stops to provide a centralized location for out of District students who need school transportation, but need access to a bus stop closer to home.
- The District hired an outside consultant focusing on the following efforts:
 - No-show campaigns for families who originally registered to attend a school in Tucson Unified, but the students did not show for the first day.
 - Stabilizing enrollment by focusing on families who withdrew from a Tucson Unified school to reengage them and reenroll them in a Tucson Unified school
 - Roll out a comprehensive parent engagement survey to collect information on why families are leaving so that the District can implement the right strategies that focus on patterns of behavior/actions causing families to leave.
- Expansion of credit recovery programs across all high schools to provide opportunities for high school students who are deficient in graduation credits to remain at their home school to close those deficiencies and remain on track towards earning a high school diploma.
- Development of a framework to expand the District’s procurement card (P-Card) program beyond its current use, so provide expanded unrestricted revenue opportunities that support fine arts, interscholastics, and other student support opportunities.
- Expansion of the K-6 model to three additional schools – Borton, Kellond and Wright – to increase retention of students in the 6th grade before they transition to a traditional standalone middle school in Tucson Unified. Sixth grade had the highest retention rates from a K-6 to middle school than other transition grades (i.e., Kindergarten to 1st and 8th grade to high school).

G. Other Major Initiatives:

The District continues to focus on key initiatives that provide opportunities for proficiency and growth. Some of these initiatives include:

- Expansion of the Curriculum Service Provider (CSP) position at every school in the District to sustain Professional Learning Communities (PLCs)
- Sustained enrollment in the Tucson Unified Virtual Academy (TUVA)
- Upgrade in the District's bond rating from BBB+ to A with a Positive outlook.
- Expansion of Title I funding to 87 of 88 schools in TUSD
- Implementation of the District's first ever Digital Budget Book

Awards and Acknowledgment

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the fortieth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2024. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2025 certificates.

Tucson Unified is proud to create excellent learning opportunities for all of our students who choose to be a part of the District. The District has established numerous programs in our schools to embrace and challenge all our kindergarten through 12th grade students. During the 2024-25 school year, the following recognitions have been awarded across the District:

- Flori Huitt awarded Arizona School Administrators Outstanding Dissertation Award
- Dr. Rosalinda Rodriguez awarded Arizona School Administrators Outstanding Principal of the Year
- Recognition of Juneteenth as a Tucson Unified holiday
- Ricky Hernández earned Certified Administrator of School Finance and Operations (SFO) designation from the Association of School Business Officials International
- Two University High School students awarded National Merit Scholarships
- Purchasing Department awarded the Achievement of Excellent in Procurement Award by the National Procurement Institute (NPI)
- Catalina High School, Cholla High School, Doolen Middle School and Utterback Middle School recognized as AVID Schoolwide Sites of Distinction
- Three teachers at Davis-Romero Elementary, Robison K-8 and Safford K-8 Schools recognized as HSL Teacher Appreciation Awardees
- C.E. Rose esports team swept 1st, 2nd, and 3rd place at the Arizona Children Rocket League Open hosted by Grand Canyon University

- Innovation Tech High School and Pima JTED inaugurated the Connie Hillman Family Foundation Health & Wellness Center
- Lindsay Aguilar appointed to the School Nutrition Association Board of Directors
- Bernadette Rosthenhausler-Espinoza awarded Outstanding Administrator of the Year by the Arizona Association of Latino Administrators and Superintendents
- Celebrated the 60th Anniversary of Cooper Center for Environmental Learning (“Camp Cooper”)
- C.E. Rose K-8 School and Van Buskirk Elementary School are recognized in the top 5% of schools nationwide for helping students improve their academic performance by The New Teacher Project
- Ramon Murillo III Foundation donated a free pair of shoes to every student at Mission View Elementary School
- Tucson Unified was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA) for the first time
- Pueblo Gardens K-8 School Girls Basketball Division I Champions
- Dodge Middle School Boys Volleyball Division I Champions
- Three new teachers become National Board Certified Teachers (NBCT)
- Four students at University High School named National merit Scholarship Winners
- Borton Elementary and Drachman K-8 named Magnet Schools of Excellence
- Mansfeld Middle School named Merit School of Excellence by the Magnet Schools of America
- Carillo K-5, Holladay Elementary, Dodge Middle and Roskruge K-8 named Merit Schools of Distinction by the Magnet Schools of America
- Bonillas Elementary Magnet School Girls Basketball team won the TUSD District Championship
- Nineteen new teachers graduated from the TUSD Teacher Development Academy
- Carrillo Elementary Magnet School named a finalist in the National ESEA Title I Distinguished Schools Program by the Arizona Department of Education
- Blenman Elementary School is recognized as model professional learning community at work by Solution Tree
- Pueblo Gardens K-8 School recognized with the Welcoming Schools Seal of Excellence by the Human Rights Campaign (HRC)
- Magee Middle School finished in the top 20 of the Odyssey of the Mind World Finals and won state championships in Arizona the vehicle, structure, and performance categories.

Letter grades continue to show strong academic achievement across the District:

- 53 schools achieved a grade of an “A” or “B”, which is the largest percentage of A-B rated schools in the letter grade era.
- 26 schools carry the letter grade of a “C.” This is the first time that A-B related schools outnumber C-rated schools.
- Only 4 schools remain with a grade of a “D” and no schools were rated as F. In comparison to the 2016-17 school year, there were 26 “D” or “F” rated schools.
- Finally, for the first time, the Tucson Unified achieved a District rating of a “B” from the Arizona Department of Education.

Tucson Unified continues to support numerous, award-winning specialized programs to address the needs of the District's students and families. These programs continue to have a positive impact on how Tucson Unified prepares students to be well-prepared and successful members of the community. Among the programs available are:

Magnet – Specializing in STEAM/STEM and the Fine and Performing Arts.

Advanced Learning Experiences (ALE) and Gifted and Talented Education (GATE) – Classes are available in most schools, as well as full-day programs are available.

Dual Language – Spanish /English classes are growing, and students are achieving higher than average test scores as each year.

Dual Credit – Enables students to receive simultaneous academic credit from both the college and high school, at no expense to students, savings them thousands in college tuition costs.

International Baccalaureate Program (IB) – Aims to develop inquiring, knowledgeable and caring young people who help to create a better and more peaceful world through intercultural understanding and respect.

Career and Technical Education (CTE) – Prepares students for workforce success and continuous learning.

Advancement Via Individual Determination (AVID) – A school-wide college - and career - readiness system.

Teenage Parent High School (TAP) – Supporting pregnant and parenting teens to continue their education and graduate from high school.

Exceptional Education – Developing special education support programs to ensure the success of all levels of learners. Tucson Unified has one of the largest coordinated programs in Arizona.

Innovation Tech High School – a partnership with Pima County JTED where students can receive their High School Diploma while taking career and technical education courses and receive certifications.

Tucson Unified Virtual Academy program (TUVA) – TUSD's newest school supporting students in kindergarten through 12th grade that prefer a virtual learning environment.

Acknowledgments. The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the financial services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Dr. Gabriel Trujillo
Superintendent



Ricky D. Hernández
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Tucson Unified School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'. The signature is written in a cursive style and is positioned above a horizontal line.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'. The signature is written in a cursive style and is positioned above a horizontal line.

James M. Rowan, CAE, SFO
CEO/Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tucson Unified School District No. 1
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

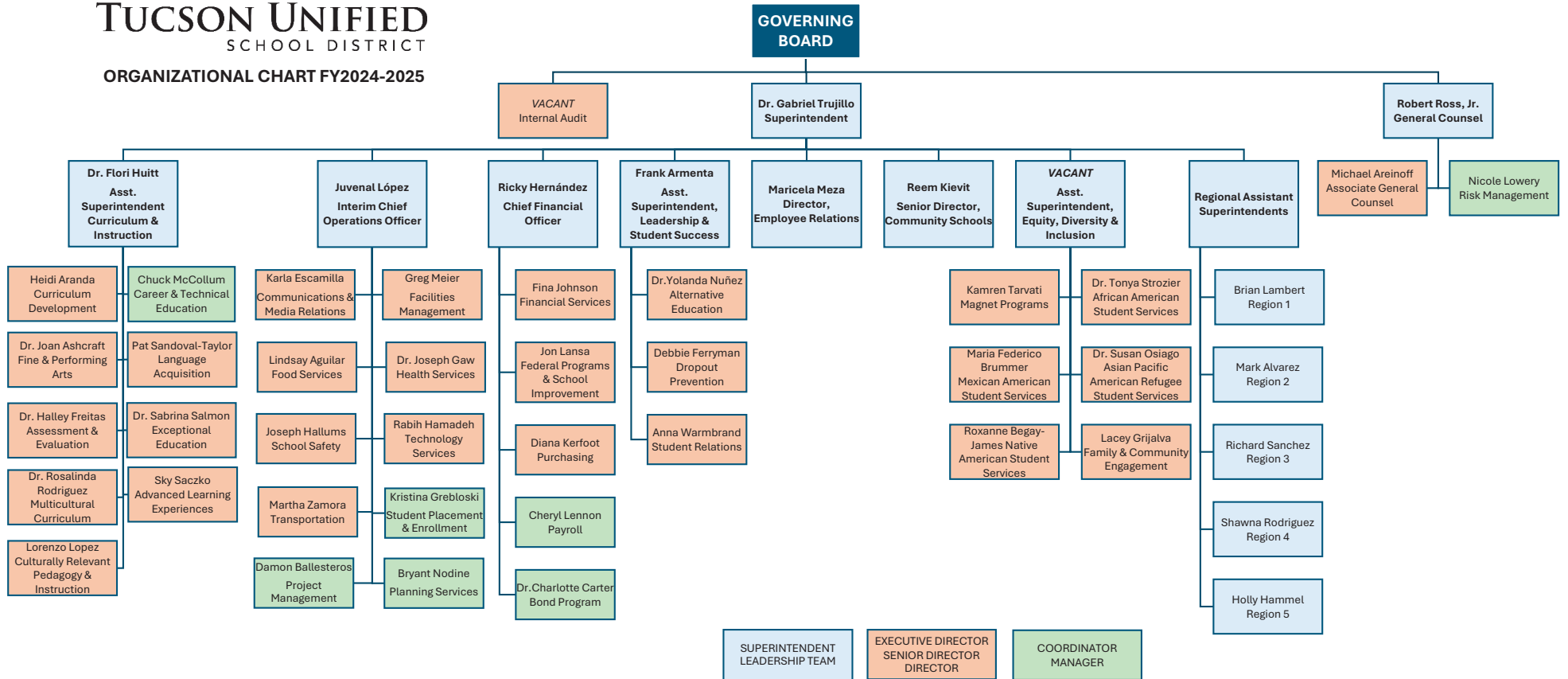
June 30, 2024

Christopher P. Morill

Executive Director/CEO

TUCSON UNIFIED SCHOOL DISTRICT

ORGANIZATIONAL CHART FY2024-2025



Tucson Unified School District No. 1

List of Principal Officials

Governing Board

Jennifer Eckstrom, President
Dr. Ravi Shah, Clerk
Natalie Luna Rose, Member
Val Romero, Member
Sadie Shaw, Member

Administrative Staff

Dr. Gabriel Trujillo
Superintendent

Regional Assistant Superintendents

Mark Alvarez, Santa Cruz Region
Brian Lambert, Silverbell Region
Holly Leman Hammel, Pantano Region
Shawna Rodriguez, Arcadia Region
Richard Sanchez, Arroyo Chico Region

Assistant Superintendents

Frank Armenta, Leadership and Student Success
Dr. Flori Huitt, Curriculum and Instruction

Business and Operations

Karla Escamilla, Director, Communications & Media Relations
Jon J.P. Fernandez, Chief Human Capital Officer
Ricky D. Hernández, Chief Financial Officer
Maricela Meza, Director, of Employee Relations
Juvenal López, Interim Chief Operations Officer

Legal Services

Robert S. Ross, Jr., General Counsel
Michael J.M. Areinoff, Associate General Counsel

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Financial Section

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Independent Auditor's Report

Governing Board
Tucson Unified School District No. 1

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tucson Unified School District No. 1 (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tucson Unified School District No. 1, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows 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 Tucson Unified School District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is 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 Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other 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 have also issued our report dated March 5, 2026, on our consideration of Tucson Unified School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tucson Unified School District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tucson Unified School District No. 1's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Tucson, Arizona

March 5, 2026

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

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Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

As management of the Tucson Unified School District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The District's total net position of governmental activities increased \$7.2 million which represents a two percent increase from the prior fiscal year as a result of changes in pension liability.
- General revenues accounted for \$472.5 million in revenue, or 79 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$122.5 million or 21 percent of total current fiscal year revenues.
- The District had approximately \$587.7 million in expenses related to governmental activities, a decrease of eight percent from the prior fiscal year primarily due to decreased pension expense.
- Among major funds, the General Fund had \$396.9 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$415.6 million in expenditures. The General Fund's fund balance decrease from \$88.7 million at the prior fiscal year end to \$76.8 million at the end of the current fiscal year was primarily due to the utilization of prior year fund balance in the General Fund to support Board approved compensation increases for all employees and a one-time sick leave payout for excess hours not utilized.
- Net position for the Internal Service Funds decreased \$780,927 from the prior fiscal year. Operating expenses of \$49.8 million exceeded operating revenues of \$47.6 million at the end of the current fiscal year.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

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

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Overview of Financial Statements

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

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, Federal and State Grants, Other Special Revenue, Bond Building, and Other Capital Projects Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The District maintains one type of proprietary fund. The internal service funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its employee benefit trust and workers' compensation trust self-insurance programs. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The employee benefit trust and workers' compensation trust self-insurance programs, although legally separate component units, function for all employees of the District, and therefore have been included as internal service funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Overview of Financial Statements

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$367.3 million at the current fiscal year end.

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

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Government-Wide Financial Analysis

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

	As of June 30, 2025	As of June 30, 2024
Current and other assets	\$ 373,037,476	\$ 402,709,682
Capital assets, net	657,131,177	638,675,420
Total assets	<u>1,030,168,653</u>	<u>1,041,385,102</u>
Deferred outflows	<u>70,483,651</u>	<u>77,030,295</u>
Current and other liabilities	38,384,515	32,964,120
Long-term liabilities	<u>635,655,084</u>	<u>693,739,334</u>
Total liabilities	<u>674,039,599</u>	<u>726,703,454</u>
Deferred inflows	<u>59,290,073</u>	<u>31,635,205</u>
Net position:		
Net investment in capital assets	558,717,904	547,248,548
Restricted	97,332,896	86,964,854
Unrestricted	<u>(288,728,168)</u>	<u>(274,136,664)</u>
Total net position	<u>\$ 367,322,632</u>	<u>\$ 360,076,738</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$288.7 million as a result of an unfunded pension liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

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

- The principal retirement of \$22.2 million of bonds and \$2.5 million of bond premium.
- The principal retirement of \$4.4 million of financed purchases.
- The principal retirement of \$2.4 million of leases and SBITAs.
- The addition of \$49.4 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The depreciation of existing assets resulting in the addition of \$29.9 million in accumulated depreciation.
- The decrease of \$34.6 million in pension liabilities and increase of \$30.1 million in pension related deferred outflows.
- The issuance of \$1.5 million of leases and SBITAs.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Government-Wide Financial Analysis

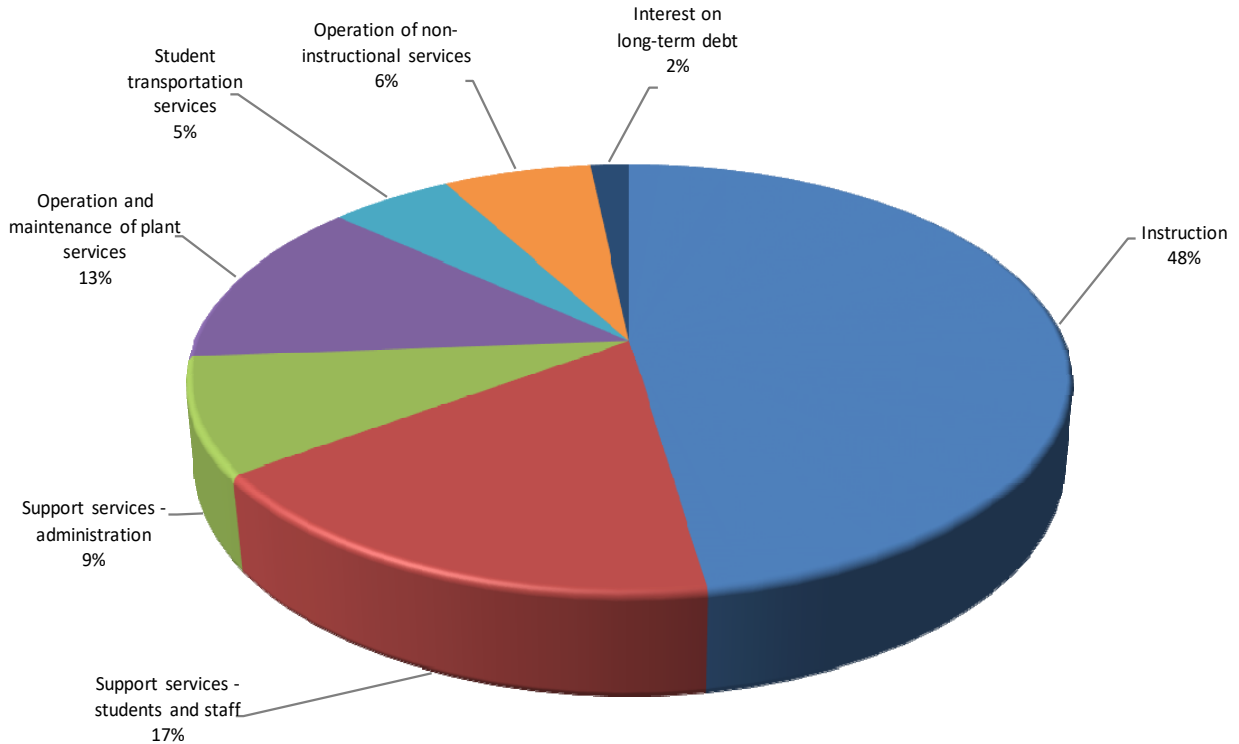
Changes in net position. The District's total revenues for the current fiscal year were \$595.0 million. The total cost of all programs and services was \$587.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

	<u>Fiscal Year Ended June 30, 2025</u>	<u>Fiscal Year Ended June 30, 2024</u>
Revenues:		
Program revenues:		
Charges for services	\$ 18,060,791	\$ 12,701,591
Operating grants and contributions	87,407,982	141,713,818
Capital grants and contributions	17,030,635	22,723,086
General revenues:		
Property taxes	210,188,580	178,469,126
Investment income	13,094,079	5,989,923
Unrestricted state aid	245,419,612	247,188,538
Unrestricted federal aid	3,783,494	7,508,911
Total revenues	<u>594,985,173</u>	<u>616,294,993</u>
Expenses:		
Instruction	279,770,944	318,112,481
Support services - students and staff	103,145,235	111,650,731
Support services - administration	51,202,351	54,633,312
Operation and maintenance of plant services	74,532,170	77,092,382
Student transportation services	31,415,831	31,612,231
Operation of non-instructional services	37,903,927	40,051,368
Interest on long-term debt	9,768,821	3,250,390
Total expenses	<u>587,739,279</u>	<u>636,402,895</u>
Changes in net position	7,245,894	(20,107,902)
Net position, beginning	<u>360,076,738</u>	<u>380,184,640</u>
Net position, ending	<u><u>\$367,322,632</u></u>	<u><u>\$360,076,738</u></u>

**Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025**

Government-Wide Financial Analysis

Expenses - Fiscal Year 2025



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

- The decrease of \$54.3 million in operating grants and contributions was due to COVID-19 federal funding that is no longer available in the current year.
- The increase of \$31.7 million in property tax revenue was due to an increase in the secondary tax rate as a result of general obligations bonds of \$150 million issued in the prior year which required the District to levy a higher secondary tax rate to pay the upcoming debt service payments. In addition, there was an increase in the assessed valuation of taxable property within the District.
- The overall decrease in expenses of \$48.7 million was primarily due to decreased pension expense and lapse of COVID-19 funding.
- The increase in interest on long-term debt of \$6.5 million was due to increased debt service interest payments as a result of general obligations bonds of \$150 million issued in the prior year.

**Tucson Unified School District No. 1
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2025**

Government-Wide Financial Analysis

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

	Year Ended June 30, 2025		Year Ended June 30, 2024	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 279,770,944	\$ (243,194,851)	\$ 318,112,481	\$ (245,729,083)
Support services - students and staff	103,145,235	(76,949,044)	111,650,731	(77,425,140)
Support services - administration	51,202,351	(46,821,877)	54,633,312	(49,201,426)
Operation and maintenance of plant services	74,532,170	(59,187,890)	77,092,382	(51,513,205)
Student transportation services	31,415,831	(30,756,550)	31,612,231	(30,014,640)
Operation of non-instructional services	37,903,927	949,041	40,051,368	(2,711,514)
Interest on long-term debt	9,768,821	(9,278,700)	3,250,390	(2,669,392)
Total	\$ 587,739,279	\$ (465,239,871)	\$ 636,402,895	\$ (459,264,400)

- The cost of all governmental activities this year was \$587.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$122.5 million.
- Net cost of governmental activities of \$465.2 million was financed by general revenues, which are made up of primarily property taxes of \$210.2 million and state aid of \$245.4 million.

Financial Analysis of the District’s Funds

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

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

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Financial Analysis of The District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$257.9 million, a decrease of \$6.2 million primarily due to the utilization of prior year fund balance in the General Fund to support Board approved compensation increases for all employees and a one-time sick leave payout for excess hours and utilization of bond proceeds.

The General Fund comprises 30 percent of the total fund balance. Approximately \$71.2 million, or 93 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$11.9 million to \$76.8 million as of fiscal year end was primarily the result of utilization of prior year fund balance in the General Fund to support Board approved compensation increases for all employees and a one-time sick leave payout for excess hours. General Fund revenues decreased \$3.8 million as a result of lower Medicaid federal reimbursements received in the current year. General Fund expenditures increased \$3.2 million as a result of salary and benefit increases.

The Federal and State Grants Fund's fund balance increased \$29.4 million to a deficit of \$3.1 million at fiscal year end as a result of the receipt of several prior year outstanding reimbursements. The Federal and State Grants Fund revenues decreased \$25.3 million and expenditures decreased \$53.7 million due to COVID-19 federal funding that is no longer available in the current year.

The Other Special Revenue Fund's fund balance increased \$239,066 to \$17.4 million at fiscal year end. The Other Special Revenue Fund revenues decreased \$507,143. The Other Special Revenue Fund expenditures increased \$1.9 million due to increased costs for community education and infant and early learning centers.

The Bond Building Fund's fund balance decreased to \$34.0 million at fiscal year as a result of the utilization of bond proceeds received in a prior year to complete various construction projects. Bond Building Fund revenues increased \$4.4 million due to higher interest earned at the State Treasurer. Bond Building expenditures increased \$31.5 million due to ongoing construction projects started in the prior year.

The Other Capital Projects Fund's fund balance decreased \$1.5 million to a deficit of \$2.9 million at fiscal year as a result of pending School Facilities Oversight Board reimbursements outstanding at year end. The Other Capital Projects Fund revenues decreased \$6.8 million and expenditures decreased \$1.8 million due to the completion of School Facilities Oversight Board projects in the prior year.

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$33.8 million, a decrease of \$780,927.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$12.2 million increase, or three percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information.

The significant variances are summarized as follows:

- The favorable variance of \$24.2 million in instruction was a result of a reduction in the number of instructional positions across the district due to a decline in enrollment.
- The unfavorable variance of \$6.0 million in support services – students and staff was a result of unanticipated Board approved compensation increases for student and staff support positions.
- The favorable variance of \$5.6 million in operations and maintenance of plant services was a result of anticipated repairs that were absorbed by bond projects as a part of a larger building improvement program across the district.

Tucson Unified School District No. 1
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$1.2 billion in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$42.5 million from the prior fiscal year, primarily due to school improvement construction and vehicle purchases. Total depreciation expense for the current fiscal year was \$29.9 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2025 and June 30, 2024.

	As of June 30, 2025	As of June 30, 2024
Capital assets - non-depreciable	\$ 52,759,264	\$ 48,427,322
Capital assets - depreciable, net	604,371,913	590,248,098
Total	\$ 657,131,177	\$ 638,675,420

The estimated cost to complete current construction projects is \$185.5 million.

Additional information on the District’s capital assets can be found in Note 7.

Debt Administration. At year end, the District had \$210.2 million in long-term debt outstanding, \$29.6 million due within one year. Long-term debt decreased by \$29.9 million due primarily to principal repayments.

The District’s general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$1.9 billion and the Class B debt limit is \$1.2 billion, which are more than the District’s total outstanding general obligation and Class B debt, respectively.

Additional information on the District’s long-term debt can be found in Notes 8 through 12.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Economic Factors and Next Year's Budget and Rates

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

- Fiscal year 2024-25 budget balance carry forward (estimated \$19.0 million).
- District student population (estimated 36,792).

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

Budgeted expenditures in the General Fund decreased five percent to \$380.8 million in fiscal year 2025-26. District student population is the primary reason for the decrease. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2025-26 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Tucson Unified School District No. 1; 1010 East 10th Street; Tucson, Arizona 85719.

Basic Financial Statements

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Government-Wide Financial Statements

Tucson Unified School District No. 1
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 273,858,351
Property taxes receivable	5,072,213
Accounts receivable	1,107,726
Contributions receivable	3,125,595
Due from governmental entities	61,876,007
Prepaid items	169,228
Inventory	3,567,483
Leases receivable	<u>9,617,702</u>
Total current assets	<u>358,394,305</u>
Noncurrent assets:	
Net other postemployment benefit plan assets	14,643,171
Capital assets not being depreciated	52,759,264
Capital assets, net accumulated depreciation	<u>604,371,913</u>
Total noncurrent assets	<u>671,774,348</u>
Total assets	<u>1,030,168,653</u>
 Deferred outflows of resources	
Deferred charge on refunding	602,874
Pension plan items	68,746,713
Other postemployment benefit plan items	<u>1,134,064</u>
Total deferred outflows of resources	<u>70,483,651</u>
 Liabilities	
Current liabilities:	
Accounts payable	22,084,163
Claims payable	3,214,801
Accrued payroll and employee benefits	15,898,775
Unearned revenues	401,577
Compensated absences payable	12,921,888
Financed purchases payable	2,355,085
Leases payable	675,628
SBITA payable	1,159,205
Bonds payable	<u>25,375,000</u>
Total current liabilities	<u>84,086,122</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>589,953,477</u>
Total noncurrent liabilities	<u>589,953,477</u>
Total liabilities	<u>674,039,599</u>
 Deferred inflows of resources	
Pension plan items	45,300,305
Other postemployment benefit plan items	5,041,950
Leases	<u>8,947,818</u>
Total deferred inflows of resources	<u>59,290,073</u>
 Net position	
Net investment in capital assets	558,717,904
Restricted for:	
Instruction	44,568,953
Food service	3,924,875
Non-instructional purposes	10,797,921
Debt service	21,208,198
Capital outlay	2,189,778
Other postemployment benefit plan assets	14,643,171
Unrestricted	<u>(288,728,168)</u>
Total net position	<u>\$ 367,322,632</u>

Tucson Unified School District No. 1
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Governmental activities					
Instruction	\$ 279,770,944	\$ 5,395,094	\$ 30,220,557	\$ 960,442	\$ (243,194,851)
Support services - students and staff	103,145,235	2,645,655	23,550,536		(76,949,044)
Support services - administration	51,202,351	2,508,059	1,872,415		(46,821,877)
Operation and maintenance of plant services	74,532,170	3,167,594	883,000	11,293,686	(59,187,890)
Student transportation services	31,415,831	658,119	1,162		(30,756,550)
Operation of non-instructional services	37,903,927	3,686,270	30,390,191	4,776,507	949,041
Interest on long-term debt	9,768,821		490,121		(9,278,700)
Total governmental activities	<u>\$ 587,739,279</u>	<u>\$ 18,060,791</u>	<u>\$ 87,407,982</u>	<u>\$ 17,030,635</u>	<u>(465,239,871)</u>
General revenues					
Property taxes					210,188,580
Investment income					13,094,079
Unrestricted state aid					245,419,612
Unrestricted federal aid					3,783,494
Total general revenues					<u>472,485,765</u>
Changes in net position					7,245,894
Net position, beginning of year					<u>360,076,738</u>
Net position, end of year					<u>\$ 367,322,632</u>

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Fund Financial Statements

Tucson Unified School District No. 1
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Federal and State Grants</u>	<u>Other Special Revenue</u>	<u>Bond Building</u>
Assets				
Cash and investments	\$ 45,584,169	\$	\$ 17,594,475	\$ 121,933,789
Property taxes receivable	4,302,364			
Accounts receivable	693,489		79,605	
Due from governmental entities	44,764,370	10,366,987		
Due from other funds	3,965,393			
Prepaid items	69,228			
Inventory	2,175,405			
Leases receivable			9,617,702	
Total assets	<u>\$ 101,554,418</u>	<u>\$ 10,366,987</u>	<u>\$ 27,291,782</u>	<u>\$ 121,933,789</u>
Liabilities				
Accounts payable	\$ 6,414,946	\$ 299,511	\$ 829,623	\$ 8,433,327
Due to other funds		3,965,393		
Accrued payroll and employee benefits	14,780,887	857,245	112,756	
Unearned revenues	401,577			
Total liabilities	<u>21,597,410</u>	<u>5,122,149</u>	<u>942,379</u>	<u>8,433,327</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	3,126,040			
Unavailable revenues - intergovernmental		8,364,386		
Leases			8,947,818	
Total deferred inflows of resources	<u>3,126,040</u>	<u>8,364,386</u>	<u>8,947,818</u>	
Fund balances				
Nonspendable	2,244,633			
Restricted	3,370,548		17,401,585	113,500,462
Unassigned	71,215,787	(3,119,548)		
Total fund balances	<u>76,830,968</u>	<u>(3,119,548)</u>	<u>17,401,585</u>	<u>113,500,462</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 101,554,418</u>	<u>\$ 10,366,987</u>	<u>\$ 27,291,782</u>	<u>\$ 121,933,789</u>

Other Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 966,431	\$ 51,328,058	\$ 237,406,922
	769,849	5,072,213
	209,132	982,226
2,962,815	3,781,835	61,876,007
		3,965,393
	100,000	169,228
	1,392,078	3,567,483
		9,617,702
<u>\$ 3,929,246</u>	<u>\$ 57,580,952</u>	<u>\$ 322,657,174</u>
\$ 4,235,285	\$ 760,311	\$ 20,973,003
		3,965,393
	147,887	15,898,775
		401,577
<u>4,235,285</u>	<u>908,198</u>	<u>41,238,748</u>
	537,943	3,663,983
2,550,043		10,914,429
		8,947,818
<u>2,550,043</u>	<u>537,943</u>	<u>23,526,230</u>
	1,492,078	3,736,711
	54,642,733	188,915,328
(2,856,082)		65,240,157
<u>(2,856,082)</u>	<u>56,134,811</u>	<u>257,892,196</u>
<u>\$ 3,929,246</u>	<u>\$ 57,580,952</u>	<u>\$ 322,657,174</u>

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Tucson Unified School District No. 1
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds **\$ 257,892,196**

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

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

Governmental capital assets	\$ 1,232,804,024	
Less accumulated depreciation	<u>(575,672,847)</u>	
		657,131,177

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

Property taxes	3,663,983	
Intergovernmental	<u>10,914,429</u>	
		14,578,412

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.

602,874

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

Deferred outflows of resources related to pensions/OPEB	69,880,777	
Deferred inflows of resources related to pensions/OPEB	<u>(50,342,255)</u>	
		19,538,522

The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.

14,643,171

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.

33,778,876

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

Compensated absences payable	(25,512,308)	
Financed purchases payable	(10,070,354)	
Leases payable	(1,575,380)	
SBITAs payable	(2,040,324)	
Bonds payable	(196,528,662)	
Net pension liability	<u>(395,115,568)</u>	
		<u>(630,842,596)</u>

Net position of governmental activities **\$ 367,322,632**

Tucson Unified School District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>General</u>	<u>Federal and State Grants</u>	<u>Other Special Revenue</u>	<u>Bond Building</u>
Revenues				
Other local	\$ 10,587,051	\$	\$ 12,211,319	\$ 5,767,061
Property taxes	176,749,131			
State aid and grants	205,731,032	4,463,329	1,689,200	
Federal aid, grants and reimbursements	<u>3,783,494</u>	<u>82,146,054</u>		
Total revenues	<u>396,850,708</u>	<u>86,609,383</u>	<u>13,900,519</u>	<u>5,767,061</u>
Expenditures				
Current:				
Instruction	177,736,508	25,737,515	4,159,318	
Support services - students and staff	73,709,013	22,806,515	1,696,063	
Support services - administration	41,931,782	1,813,261	355,315	
Operation and maintenance of plant services	70,179,187	395,713	444,976	
Student transportation services	24,381,271	1,125	629,408	
Operation of non-instructional services	2,674,409	3,172,380	5,096,661	
Capital outlay	22,463,960	1,085,843	1,276,156	32,831,964
Debt service:				
Principal retirement	2,380,259	19,007	3,502	2,098,249
Interest and fiscal charges	<u>129,737</u>	<u>569</u>	<u>54</u>	<u>83,339</u>
Total expenditures	<u>415,586,126</u>	<u>55,031,928</u>	<u>13,661,453</u>	<u>35,013,552</u>
Excess (deficiency) of revenues over expenditures	<u>(18,735,418)</u>	<u>31,577,455</u>	<u>239,066</u>	<u>(29,246,491)</u>
Other financing sources (uses)				
Transfers in	3,164,959			
Transfers out	(1,550,000)	(2,164,959)		(4,716,380)
Lease agreements	432,201			
SBITA agreements	1,098,995			
Insurance recoveries	3,535,085			
Proceeds from sale of capital assets	<u>176,555</u>			
Total other financing sources (uses)	<u>6,857,795</u>	<u>(2,164,959)</u>		<u>(4,716,380)</u>
Changes in fund balances	<u>(11,877,623)</u>	<u>29,412,496</u>	<u>239,066</u>	<u>(33,962,871)</u>
Fund balances, beginning of year, previously reported	88,708,591	(32,532,044)		147,463,333
Adjustments to beginning fund balances			17,162,519	
Fund balances, beginning of year, as restated	<u>88,708,591</u>	<u>(32,532,044)</u>	<u>17,162,519</u>	<u>147,463,333</u>
Fund balances, end of year	<u>\$ 76,830,968</u>	<u>\$ (3,119,548)</u>	<u>\$ 17,401,585</u>	<u>\$ 113,500,462</u>

Other Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 30,091	\$ 4,858,006	\$ 33,453,528
	33,075,749	209,824,880
9,582,156	39,688,580	261,154,297
<u>490,121</u>	<u>25,885,883</u>	<u>112,305,552</u>
<u>10,102,368</u>	<u>103,508,218</u>	<u>616,738,257</u>
	33,711,919	241,345,260
	1,847,038	100,058,629
	137,905	44,238,263
	139,750	71,159,626
		25,011,804
	25,576,802	36,520,252
10,358,920	1,280,051	69,296,894
2,254,412	22,240,000	28,995,429
<u>519,746</u>	<u>10,849,502</u>	<u>11,582,947</u>
<u>13,133,078</u>	<u>95,782,967</u>	<u>628,209,104</u>
<u>(3,030,710)</u>	<u>7,725,251</u>	<u>(11,470,847)</u>
1,550,000	4,716,380	9,431,339
	(1,000,000)	(9,431,339)
		432,201
		1,098,995
		3,535,085
		<u>176,555</u>
<u>1,550,000</u>	<u>3,716,380</u>	<u>5,242,836</u>
<u>(1,480,710)</u>	<u>11,441,631</u>	<u>(6,228,011)</u>
	60,480,327	264,120,207
<u>(1,375,372)</u>	<u>(15,787,147)</u>	
<u>(1,375,372)</u>	<u>44,693,180</u>	<u>264,120,207</u>
\$ <u>(2,856,082)</u>	\$ <u>56,134,811</u>	\$ <u>257,892,196</u>

Tucson Unified School District No. 1
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Changes in fund balances - total governmental funds **\$ (6,228,011)**

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

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

Expenditures for capitalized assets	\$ 49,376,490	
Less current year depreciation	<u>(29,947,922)</u>	
		19,428,568

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

Lease agreements	(432,201)	
SBITA agreements	<u>(1,098,995)</u>	
		(1,531,196)

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

Property taxes	363,700	
Intergovernmental	<u>(27,268,378)</u>	
		(26,904,678)

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

Financed purchase principal retirement	4,352,661	
Lease principal retirement	854,511	
SBITA principal retirement	1,548,257	
Bond principal retirement	<u>22,240,000</u>	
		28,995,429

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

Current year pension/OPEB contributions	38,434,059	
Pension/OPEB expense	<u>(37,653,085)</u>	
		780,974

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

Deferred bond items on issuance of refunding debt	(654,531)	
Loss on disposal of assets	(972,811)	
Amortization of deferred bond items	2,468,657	
Compensated absences	<u>(7,355,580)</u>	
		(6,514,265)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

(780,927)

Changes in net position in governmental activities **\$ 7,245,894**

Tucson Unified School District No. 1
Statement of Net Position
Proprietary Funds
June 30, 2025

	Governmental
	Activities
	Internal Service
	Funds
Assets	
Current assets:	
Cash and investments	\$ 36,451,429
Accounts receivable	125,500
Contributions receivable	3,125,595
Total current assets	39,702,524
Total assets	39,702,524
 Liabilities	
Current liabilities:	
Accounts payable	1,111,160
Claims payable	3,214,801
Total current liabilities	4,325,961
Noncurrent liabilities:	
Non-current portion of long-term obligations	1,597,687
Total noncurrent liabilities	1,597,687
Total liabilities	5,923,648
 Net position	
Unrestricted	33,778,876
Total net position	\$ 33,778,876

Tucson Unified School District No. 1
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
Operating revenues	
Contributions	\$ 40,177,518
Miscellaneous	7,437,932
Total operating revenues	47,615,450
 Operating expenses	
Claims	43,382,720
Premiums	3,838,460
Administrative fees	2,298,395
Other	316,756
Total operating expenses	49,836,331
 Operating income (loss)	(2,220,881)
 Nonoperating revenues (expenses)	
Investment income	1,439,954
Total nonoperating revenue (expenses)	1,439,954
 Changes in net position	(780,927)
 Net position, beginning of year	34,559,803
 Total net position, end of year	\$ 33,778,876

Tucson Unified School District No. 1
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from contributions	\$ 40,079,352
Cash received from other sources	7,437,932
Cash payments to suppliers for goods and services	(5,090,464)
Cash payments to employees	(251,987)
Cash payments for claims	(44,263,268)
Net cash provided by/used for operating activities	(2,088,435)
Cash flows from investing activities	
Investment income	1,439,954
Net cash provided by/used for investing activities	1,439,954
Net increase/decrease in cash and cash equivalents	(648,481)
Cash and cash equivalents, beginning of year	37,099,910
Cash and cash equivalents, end of year	\$ 36,451,429
 <u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ (2,220,881)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	10,757
Increase/decrease in contributions receivable	(108,923)
Increase/decrease in accounts payable	1,111,160
Increase/decrease in claims payable	(880,548)
Total adjustments	132,446
Net cash provided by/used for operating activities	\$ (2,088,435)

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Tucson Unified School District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the District for financial statement presentation purposes, and the District, are not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and athletic functions.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District’s operations.

The Tucson Unified School District No. 1 Employee Benefit Trust is responsible for providing health insurance for the District employees. The District’s Governing Board appoints the Trust’s Board of Directors. The Tucson Unified School District No. 1 Employee Benefit Trust provides services entirely to the District and therefore has been included as an internal service fund in accordance with the criteria established by GASB.

The Tucson Unified School District No. 1 Workers’ Compensation Trust is responsible for providing workers’ compensation insurance to District employees. The District’s Governing Board appoints the Trust’s Board of Directors. The Tucson Unified School District No. 1 Workers’ Compensation Trust provides services entirely to the District and therefore has been included as an internal service fund in accordance with the criteria established by GASB.

Separate financial statements for the component unit have not been prepared.

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to programs or functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal and state aid, and other items not included among program revenues are reported instead as general revenues.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

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

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

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

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

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund and the Unrestricted Capital Outlay Fund, as well as other funds that do not meet the criteria for separate reporting in the financial statements

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

Other Special Revenue – The Other Special Revenue Fund accounts for revenues and expenditures of other special revenue activities, including the following: local grants, civic center, community school, extracurricular activities fees tax credit, career technical education, fingerprinting, textbooks, and student activities.

Bond Building – 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; improving school grounds; or purchasing pupil transportation vehicles.

Other Capital Projects – The Other Capital Projects Fund accounts for revenues and expenditures of other capital projects activities, including the following: energy and water savings, and building renewal grant.

Additionally, the District reports the following fund type:

Proprietary Funds – The Proprietary Funds are Internal Service Funds that account for activities related to the District’s self-insurance programs.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service funds are charges for health and welfare benefits and charges to District departments for goods and services. Operating expenses for internal service funds include the cost of goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank and cash and investments held by the County Treasurer.

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

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

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

E. Investment Income

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

H. Inventory

All inventories are valued at cost using the average cost and first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

J. Capital Assets

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

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

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

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

Land improvements	10 – 25 years
Buildings and improvements	5 – 80 years
Vehicles, furniture and equipment	3 – 25 years
Intangible right-to-use assets	2 – 9 years

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

M. Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of \$5,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's estimated incremental borrowing rate is based on the Arizona's General Accounting Office lease template, which identifies what rates to use if the explicit rate and implicit rate are unknown.

As lessor, the District recognizes lease receivables with an initial, individual value of \$5,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The District's estimated incremental borrowing rate is calculated using the Arizona's General Accounting Office lease template, which identifies what rates to use if the explicit rate and implicit rate are unknown.

N. Subscription-Based Information Technology Arrangements (SBITAs)

As an end user of subscription-based technology, the District recognizes SBITA obligations with an initial, individual value of \$5,000 or more. The District uses its estimated incremental borrowing rate to measure SBITA obligations unless it can readily determine the interest rate implicit in the SBITA contract. The District's estimated incremental borrowing rate is based on the Arizona's General Accounting Office lease template, which identifies what rates to use if the explicit rate and implicit rate are unknown.

O. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and other postemployment benefit (OPEB) assets, 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.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

P. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund 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.

Q. Interfund Activity

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

R. Net Position Flow Assumption

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

S. 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.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 2 – Fund Balance Classifications

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

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

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board through a resolution approved at a Board meeting. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same action.

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

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 2 – Fund Balance Classifications

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

	General	Federal and State Grants	Other Special Revenue	Bond Building	Other Capital Projects	Non-Major Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	\$ 2,175,405	\$	\$	\$	\$	\$ 1,392,078
Prepaid items	69,228					100,000
Restricted:						
Debt service						20,670,494
Capital projects	3,370,548					2,189,539
Bond building projects				113,500,462		
Voter approved initiatives - instructional purposes						29,349,903
Food service						2,432,797
Civic center			5,469,712			
Community schools			1,941,672			
Extracurricular activities			6,791,445			
Student activities			2,027,956			
Career technical education			1,009,629			
Other purposes			161,171			
Unassigned	71,215,787	(3,119,548)			(2,856,082)	
Total fund balances	<u>\$ 76,830,968</u>	<u>\$ (3,119,548)</u>	<u>\$ 17,401,585</u>	<u>\$ 113,500,462</u>	<u>\$ (2,856,082)</u>	<u>\$ 56,134,811</u>

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balances – At year end, the Federal and State Grants and Other Capital Projects Funds reported deficits of \$3.1 million and \$2.9 million in fund balance, respectively. The deficits arose because of operations during the year and because of pending grant reimbursements. Additional revenues received in fiscal year 2025-26 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$29.1 million, and the bank balance was \$29.3 million. At year end, \$11.8 million of the District's deposits were covered by FDIC deposit insurance, \$16.3 million was covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name, and \$1.2 million was uninsured and uncollateralized.

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

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

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 4 – Cash and Investments

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

<u>Investment Type</u>	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	92 days	\$ 112,244,692
State Treasurer’s investment pool 7	26 days	132,532,351
Total		<u>\$ 244,777,043</u>

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency. The State Treasurer’s Local Government Investment Pool 7 was rated AA-1 by Moody’s at year end.

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

Note 5 – Receivables

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

	<u>General</u>	<u>Federal and State Grants</u>	<u>Other Capital Projects</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:				
Due from federal government	\$ 16,441	\$ 10,174,517	\$	\$ 2,369,781
Due from state government	44,714,929	192,470	2,962,815	1,412,054
Due from other districts	33,000			
Net due from governmental entities	<u>\$ 44,764,370</u>	<u>\$ 10,366,987</u>	<u>\$ 2,962,815</u>	<u>\$ 3,781,835</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 6 – Leases Receivable

The District acts as a lessor in several cell phone tower agreements, building rentals, and land rentals, under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$883,090 and related interest revenue of \$153,023 are recorded as other local revenue in the Other Special Revenue Fund. At June 30, 2025, the lease receivable balance reported in the Other Special Revenue Fund was \$9.6 million, with \$8.9 million due greater than one year.

Note 7 – Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 15,038,973	\$	\$	\$ 15,038,973
Construction in progress	<u>33,388,349</u>	<u>44,333,403</u>	<u>40,001,461</u>	<u>37,720,291</u>
Total capital assets, not being depreciated	<u>48,427,322</u>	<u>44,333,403</u>	<u>40,001,461</u>	<u>52,759,264</u>
Capital assets, being depreciated:				
Land improvements	92,024,455	6,806,978		98,831,433
Buildings and improvements	941,353,774	33,194,483	3,572,576	970,975,681
Vehicles, furniture and equipment	99,121,476	3,467,357	1,958,627	100,630,206
Right-to-use leased buildings and improvements	522,757			522,757
Right-to-use leased vehicles, furniture and equipment	3,246,927	431,143	763,785	2,914,285
Right-to-use SBITA assets	<u>5,605,953</u>	<u>1,144,587</u>	<u>580,142</u>	<u>6,170,398</u>
Total capital assets being depreciated	<u>1,141,875,342</u>	<u>45,044,548</u>	<u>6,875,130</u>	<u>1,180,044,760</u>
Less accumulated depreciation for:				
Land improvements	(54,646,636)	(2,999,371)		(57,646,007)
Buildings and improvements	(433,371,249)	(20,276,522)	(2,691,693)	(450,956,078)
Vehicles, furniture and equipment	(59,016,104)	(4,065,352)	(1,895,121)	(61,186,335)
Right-to-use leased buildings and improvements	(277,407)	(89,207)		(366,614)
Right-to-use leased vehicles, furniture and equipment	(1,482,596)	(774,355)	(735,363)	(1,521,588)
Right-to-use SBITA assets	<u>(2,833,252)</u>	<u>(1,743,115)</u>	<u>(580,142)</u>	<u>(3,996,225)</u>
Total accumulated depreciation	<u>(551,627,244)</u>	<u>(29,947,922)</u>	<u>(5,902,319)</u>	<u>(575,672,847)</u>
Total capital assets being depreciated, net	<u>590,248,098</u>	<u>15,096,626</u>	<u>972,811</u>	<u>604,371,913</u>
Governmental activities capital assets, net	<u>\$ 638,675,420</u>	<u>\$ 59,430,029</u>	<u>\$ 40,974,272</u>	<u>\$ 657,131,177</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 7 – Capital Assets

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 24,504,843
Support services – students and staff	621,699
Support services – administration	1,498,586
Operation and maintenance of plant services	836,126
Student transportation services	2,333,522
Operation of non-instructional services	153,146
Total depreciation expense – governmental activities	\$ 29,947,922

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the construction of various land and building improvements. At year end the District had spent \$37.7 million on the projects and had estimated remaining contractual commitments of \$185.5 million. These projects are being funded with bond proceeds, School Facilities Oversight Board funding, Federal and State Grants, Other Special Revenue and Other Capital Projects Funds, and the General Fund.

Note 8 – Financed Purchases Payable

The District has acquired building improvements under the provisions of a contract classified as a financed purchase payable. Revenues from the Other Capital Projects Fund are used to pay the debt obligations. Revenues from the General Fund are transferred to the Other Capital Projects Fund to pay the debt obligation when due. The District receives a federal interest subsidy to fund the interest payments for the District-wide energy project.

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2026	\$ 2,355,085	\$ 419,073
2027	2,460,255	313,903
2028	2,570,121	204,037
2029	2,684,893	89,265
Total	\$ 10,070,354	\$ 1,026,278

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 9 – Leases Payable

The District has acquired buildings and improvements, vehicles, and equipment under the provisions of contracts classified as leases. The related obligations under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund, Federal and State Grants Fund, and Other Special Revenue Fund are used to pay the lease obligations. Amortization of right-to-use assets recorded under leases is included with depreciation expense.

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 675,628	\$ 87,606
2027	386,529	61,352
2028	287,311	35,979
2029	210,324	11,341
2030	15,588	208
Total	<u>\$ 1,575,380</u>	<u>\$ 196,486</u>

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

	Governmental Activities
Asset:	
Building improvements	\$ 522,757
Vehicles, furniture and equipment	2,914,285
Less: Accumulated amortization	<u>(1,888,202)</u>
Total	<u>\$ 1,548,840</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 10 – Subscription-Based Information Technology Arrangements (SBITAs)

The District has entered into subscription-based information technology arrangements (SBITAs) for various subscriptions. The related obligations under the SBITAs have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay the lease obligations. Amortization of right-to-use assets recorded under SBITAs is included with depreciation expense.

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 1,159,205	\$ 34,224
2027	776,921	17,089
2028	51,288	3,294
2029	52,910	1,673
Total	\$ 2,040,324	\$ 56,280

The total value of assets recorded under SBITAs that meet the District’s capitalization threshold is \$6,170,398, less accumulated amortization of \$3,996,225.

Note 11 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$330.0 million remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund, a non-major governmental fund, are used to pay bonded debt. The District’s legal debt limit is \$1.9 billion and the available margin is \$1.7 billion.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025	Due Within One Year
Governmental activities:					
Refunding Bonds, Series 2016	\$ 63,000,000	3.00-5.00%	7/1/26-27	\$ 21,260,000	\$ 11,360,000
Refunding Bonds, Series 2017 (2020 Crossover)	48,520,000	3.13-5.00%	7/1/26-30	27,600,000	4,965,000
School Improvement Bonds, Series 2024	136,005,000	5.00%	7/1/26-43	128,730,000	9,050,000
Total				\$ 177,590,000	\$ 25,375,000

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 11 – General Obligation Bonds Payable

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 25,375,000	\$ 8,452,100
2027	17,955,000	7,183,350
2028	13,955,000	6,483,600
2029	9,345,000	5,785,850
2030	7,030,000	5,434,000
2031-35	28,900,000	23,775,000
2036-40	43,425,000	14,627,500
2041-43	31,605,000	3,212,000
Total	<u>\$ 177,590,000</u>	<u>\$ 74,953,400</u>

Note 12 – Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 199,830,000	\$	\$ 22,240,000	\$ 177,590,000	\$ 25,375,000
Premium	21,407,319		2,468,657	18,938,662	
Total bonds payable	<u>221,237,319</u>		<u>24,708,657</u>	<u>196,528,662</u>	<u>25,375,000</u>
Financed purchases payable	14,423,015		4,352,661	10,070,354	2,355,085
Leases payable	1,997,690	432,201	854,511	1,575,380	675,628
SBITAs payable	2,489,586	1,098,995	1,548,257	2,040,324	1,159,205
Net pension liability	429,741,960		34,626,392	395,115,568	
Claims payable	5,693,036	43,382,720	44,263,268	4,812,488	3,214,801
Compensated absences payable	18,156,728	7,355,580		25,512,308	12,921,888
Total long-term liabilities	<u>\$ 693,739,334</u>	<u>\$ 52,269,496</u>	<u>\$ 110,353,746</u>	<u>\$ 635,655,084</u>	<u>\$ 45,701,607</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 13 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other funds – At year end, the Federal and State Grants Fund had a negative cash balance of \$4.0 million in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			Total
	General	Other Capital Projects	Non-Major Governmental Funds	
Transfers out				
General	\$	\$ 1,550,000	\$	\$ 1,550,000
Federal and State Grants	2,164,959			2,164,959
Bond Building			4,716,380	4,716,380
Non-Major Governmental Funds	1,000,000			1,000,000
Total	<u>\$ 3,164,959</u>	<u>\$ 1,550,000</u>	<u>\$ 4,716,380</u>	<u>\$ 9,431,339</u>

Transfers between funds were used to (1) to move federal grant funds restricted for indirect costs, (2) to transfer funds from the General Fund to the Other Capital Projects Fund for the debt service on energy efficiency projects, and (3) move investment income earned in the Bond Building Fund, that is required by statute to be expended in the Debt Service Fund, a non-major governmental fund.

Note 14 – Contingent Liabilities

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

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.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 15 – Restatements of Beginning Balances

Change within the Financial Reporting Entity – The Other Special Revenue and Other Capital Projects Funds were previously reported as non-major governmental funds as they did not meet the criteria to be reported as a major fund, however, current year activity and/or balances for the Other Special Revenue and Other Capital Projects Funds met the criteria to be reported as a major fund.

The effect of the matters noted above resulted in adjustments to and restatements of beginning fund balance, as follows:

	June 30, 2024, As Previously Reported	Change within the Financial Reporting Entity	June 30, 2024, As Restated
Governmental Funds			
Major Funds:			
General	\$ 88,708,591	\$	\$ 88,708,591
Federal and State Grants	(32,532,044)		(32,532,044)
Other Special Revenue		17,162,519	17,162,519
Bond Building	147,463,333		147,463,333
Other Capital Projects		(1,375,372)	(1,375,372)
Non-Major Governmental Funds	<u>60,480,327</u>	<u>(15,787,147)</u>	<u>44,693,180</u>
Total Governmental Funds	<u>\$ 264,120,207</u>	<u>\$</u>	<u>\$ 264,120,207</u>

Note 16 – 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 in excess of specified amounts.

The District established an Employee Benefit Trust Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health claims. Under this program, the Fund provides coverage for up to a maximum of \$1,000,000 for each claim. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 16 – Risk Management

The District established the Workers’ Compensation Trust (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee work related accidents. However, effective July 1, 2014, the District joined the Arizona School Alliance for Workers’ Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers’ compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays premiums to the Alliance for its employee workers’ compensation coverage. The agreement provides that the Alliance will be self-sustaining through members’ premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event. The District will continue to operate the Workers’ Compensation Trust for claims that were incurred in prior reporting periods, until all outstanding claims have been settled.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the balances of claims liabilities during the past two years are as follows:

	Claims Payable at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
<u>Employee Benefits Trust</u>				
2024-25	\$ 3,690,719	\$ 43,376,071	\$ 44,043,989	\$ 3,022,801
2023-24	3,483,142	35,221,780	35,014,203	3,690,719
<u>Workers’ Compensation</u>				
2024-25	2,002,317	6,649	219,279	1,789,687
2023-24	2,275,074	151,741	424,498	2,002,317
<u>Total</u>				
2024-25	5,693,036	43,382,720	44,263,268	4,812,488
2023-24	5,758,216	35,373,521	35,438,701	5,693,036

The District continues to carry commercial insurance for all other risks of loss, including vision. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 17 – Pensions

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

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

	Pension	OPEB	Total
Net assets	\$	\$ 14,643,171	\$ 14,643,171
Net liability	395,115,568		395,115,568
Deferred outflows of resources	68,746,713	1,134,064	69,880,777
Deferred inflows of resources	45,300,305	5,041,950	50,342,255
Expense	39,719,829	(2,066,744)	37,653,085
Contributions	38,212,080	221,979	38,434,059

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

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

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

*With actuarially reduced benefits

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 17 – Pensions

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2025 were \$38.2 million.

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

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 17 – Pensions

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

Net Liability	District % Proportion	Increase (Decrease)
\$ 395,115,568	2.469	(0.187)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2025 was \$39.7 million.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,054,982	\$
Net difference between projected and actual earnings on pension investments		25,232,454
Changes in proportion and differences between contributions and proportionate share of contributions	8,479,651	20,067,851
Contributions subsequent to the measurement date	38,212,080	
Total	\$ 68,746,713	\$ 45,300,305

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

Year Ending June 30:	
2026	\$ (13,570,284)
2027	9,822,229
2028	(6,387,164)
2029	(4,630,453)

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 17 – Pensions

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

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

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

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2025

Note 17 – Pensions

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

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

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 605,002,730	\$ 395,115,568	\$ 220,192,944

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

Note 18 – Subsequent Event

In August 2025, the District purchased a new District office building from the School Plant Fund, reported in the General Fund, using an interfund loan of \$16.7 million from the Unemployment Insurance Fund (\$13.2 million), reported in the General Fund, and Workers' Compensation Fund (\$3.5 million), an internal service fund. The interfund loan is expected to be repaid with the proceeds of future building sales by June 30, 2027.

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Required Supplementary Information

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Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 1,992,085	\$ 1,992,085
Property taxes			160,197,875	160,197,875
State aid and grants			190,938,922	190,938,922
Total revenues			<u>353,128,882</u>	<u>353,128,882</u>
Expenditures				
Current:				
Instruction	187,675,983	200,225,947	175,981,589	24,244,358
Support services - students and staff	62,550,176	61,989,957	67,992,053	(6,002,096)
Support services - administration	41,127,532	40,720,077	40,327,915	392,162
Operation and maintenance of plant services	71,965,749	73,468,063	67,880,473	5,587,590
Student transportation services	24,188,133	23,350,401	24,272,918	(922,517)
Operation of non-instructional services	443,803	443,803	960,147	(516,344)
Total expenditures	<u>387,951,376</u>	<u>400,198,248</u>	<u>377,415,095</u>	<u>22,783,153</u>
Excess (deficiency) of revenues over expenditures	<u>(387,951,376)</u>	<u>(400,198,248)</u>	<u>(24,286,213)</u>	<u>375,912,035</u>
Other financing sources (uses)				
Transfers out			(1,550,000)	(1,550,000)
Total other financing sources (uses)			<u>(1,550,000)</u>	<u>(1,550,000)</u>
Changes in fund balances	<u>(387,951,376)</u>	<u>(400,198,248)</u>	<u>(25,836,213)</u>	<u>374,362,035</u>
Fund balances, beginning of year			<u>21,946,774</u>	<u>21,946,774</u>
Fund balances, end of year	<u>\$ (387,951,376)</u>	<u>\$ (400,198,248)</u>	<u>\$ (3,889,439)</u>	<u>\$ 396,308,809</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State aid and grants	\$	\$	\$ 4,463,329	\$ 4,463,329
Federal aid, grants and reimbursements			82,146,054	82,146,054
Total revenues			<u>86,609,383</u>	<u>86,609,383</u>
Expenditures				
Current:				
Instruction	22,307,719	27,151,023	25,737,515	1,413,508
Support services - students and staff	19,767,306	24,059,052	22,806,515	1,252,537
Support services - administration	1,571,625	1,912,846	1,813,261	99,585
Operation and maintenance of plant services	342,980	417,446	395,713	21,733
Student transportation services	975	1,187	1,125	62
Operation of non-instructional services	2,749,627	3,346,608	3,172,380	174,228
Capital outlay	941,143	1,145,478	1,085,843	59,635
Debt service:				
Principal retirement	16,474	20,051	19,007	1,044
Interest and fiscal charges	493	600	569	31
Total expenditures	<u>47,698,342</u>	<u>58,054,289</u>	<u>55,031,928</u>	<u>3,022,361</u>
Excess (deficiency) of revenues over expenditures	<u>(47,698,342)</u>	<u>(58,054,289)</u>	<u>31,577,455</u>	<u>89,631,744</u>
Other financing sources (uses)				
Transfers out			(2,164,959)	(2,164,959)
Total other financing sources (uses)			<u>(2,164,959)</u>	<u>(2,164,959)</u>
Changes in fund balances	<u>(47,698,342)</u>	<u>(58,054,289)</u>	<u>29,412,496</u>	<u>87,466,785</u>
Fund balances, beginning of year			<u>(32,532,044)</u>	<u>(32,532,044)</u>
Fund balances, end of year	<u>\$ (47,698,342)</u>	<u>\$ (58,054,289)</u>	<u>\$ (3,119,548)</u>	<u>\$ 54,934,741</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 12,211,319	\$ 12,211,319
State aid and grants			1,689,200	1,689,200
Total revenues			<u>13,900,519</u>	<u>13,900,519</u>
Expenditures				
Current:				
Instruction	2,998,551	3,551,657	4,159,318	(607,661)
Support services - students and staff	1,222,732	1,448,274	1,696,063	(247,789)
Support services - administration	256,155	303,405	355,315	(51,910)
Operation and maintenance of plant services	320,794	379,967	444,976	(65,009)
Student transportation services	453,755	537,454	629,408	(91,954)
Operation of non-instructional services	3,674,304	4,352,057	5,096,661	(744,604)
Capital outlay	920,011	1,089,714	1,276,156	(186,442)
Debt service:				
Principal retirement	2,525	2,990	3,502	(512)
Interest and fiscal charges	39	46	54	(8)
Total expenditures	<u>9,848,867</u>	<u>11,665,564</u>	<u>13,661,453</u>	<u>(1,995,889)</u>
Changes in fund balances	<u>(9,848,867)</u>	<u>(11,665,564)</u>	<u>239,066</u>	<u>11,904,630</u>
Fund balances, beginning of year			<u>17,162,519</u>	<u>17,162,519</u>
Fund balances, end of year	<u>\$ (9,848,867)</u>	<u>\$ (11,665,564)</u>	<u>\$ 17,401,585</u>	<u>\$ 29,067,149</u>

Tucson Unified School District No. 1
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
District's proportion of the net pension (assets) liability	2.47%	2.66%	2.47%	2.37%
District's proportionate share of the net pension (assets) liability	\$ 395,115,568	\$ 429,741,960	\$ 402,806,297	\$ 311,600,629
District's covered payroll	\$ 344,193,782	\$ 346,457,701	\$ 280,671,484	\$ 245,516,094
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	114.79%	124.04%	143.52%	126.92%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 38,212,080	\$ 41,406,512	\$ 41,297,758	\$ 35,186,341
Contributions in relation to the actuarially determined contribution	<u>38,212,080</u>	<u>41,406,512</u>	<u>41,297,758</u>	<u>35,186,341</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 317,112,697	\$ 344,193,782	\$ 346,457,701	\$ 280,671,484
Contributions as a percentage of covered payroll	12.05%	12.03%	11.92%	12.54%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
2.45%	2.56%	2.61%	2.63%	2.56%	2.57%
\$ 423,844,799	\$ 372,051,424	\$ 363,853,920	\$ 409,821,128	\$ 412,510,812	\$ 400,992,229
\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476	\$ 225,906,271
174.17%	144.70%	161.41%	175.54%	178.96%	177.50%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 30,761,535	\$ 30,558,140	\$ 30,105,384	\$ 28,232,555	\$ 27,661,624	\$ 25,963,519
<u>30,761,535</u>	<u>30,558,140</u>	<u>30,105,384</u>	<u>28,232,555</u>	<u>27,661,624</u>	<u>25,963,519</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 245,516,094	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476
12.53%	12.56%	11.71%	12.52%	11.85%	11.26%

Tucson Unified School District No. 1
Notes to Required Supplementary Information
June 30, 2025

Note 1 – Budgetary Basis of Accounting

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

- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

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

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

	<u>Total</u>	<u>Fund</u>
	<u>Expenditures</u>	<u>Balances</u>
		<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances - Governmental Funds	\$ 415,586,126	\$ 76,830,968
Other funds presented in the General Fund	(41,871,086)	(65,061,985)
Employee insurance account	<u>3,700,055</u>	<u>(15,658,422)</u>
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 377,415,095</u>	<u>\$ (3,889,439)</u>

Note 2 – Pension Plan Schedules

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

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

**Combining and Individual
Fund Financial Statements and Schedules**

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Governmental Funds

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Non-Major Governmental Funds

Special Revenue Funds

Classroom Site – to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings.

Instructional Improvement – to account for the activity of monies received from gaming revenue.

Food Service – to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Debt Service Fund

Debt Service – to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Funds

Adjacent Ways – to account for monies received to finance improvements of public ways adjacent to school property.

Tucson Unified School District No. 1
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds			Debt Service Fund
	Classroom Site	Instructional Improvement	Food Service	Debt Service
Assets				
Cash and investments	\$ 24,533,583	\$ 3,236,722	\$ 341,736	\$ 20,420,541
Property taxes receivable				769,610
Accounts receivable	172,558		18,527	18,047
Due from governmental entities		1,412,054	2,369,781	
Prepaid items			100,000	
Inventory			1,392,078	
Total assets	<u>\$ 24,706,141</u>	<u>\$ 4,648,776</u>	<u>\$ 4,222,122</u>	<u>\$ 21,208,198</u>
Liabilities				
Accounts payable	\$	\$	\$ 154,374	\$
Accrued payroll and employee benefits	4,822	192	142,873	
Total liabilities	<u>4,822</u>	<u>192</u>	<u>297,247</u>	
Deferred inflows of resources				
Unavailable revenues - property taxes				537,704
Total deferred inflows of resources				<u>537,704</u>
Fund balances				
Nonspendable			1,492,078	
Restricted	24,701,319	4,648,584	2,432,797	20,670,494
Total fund balances	<u>24,701,319</u>	<u>4,648,584</u>	<u>3,924,875</u>	<u>20,670,494</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,706,141</u>	<u>\$ 4,648,776</u>	<u>\$ 4,222,122</u>	<u>\$ 21,208,198</u>

Capital Projects

<u>Funds</u>		Total Non-Major Governmental Funds
<u>Adjacent Ways</u>		
\$ 2,795,476	\$ 51,328,058	
239	769,849	
	209,132	
	3,781,835	
	100,000	
	<u>1,392,078</u>	
<u>\$ 2,795,715</u>	<u>\$ 57,580,952</u>	
\$ 605,937	\$ 760,311	
	<u>147,887</u>	
<u>605,937</u>	<u>908,198</u>	
<u>239</u>	<u>537,943</u>	
<u>239</u>	<u>537,943</u>	
	1,492,078	
<u>2,189,539</u>	<u>54,642,733</u>	
<u>2,189,539</u>	<u>56,134,811</u>	
<u>\$ 2,795,715</u>	<u>\$ 57,580,952</u>	

Tucson Unified School District No. 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

Special Revenue Funds

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue
Revenues				
Other local	\$ 2,295,174	\$ 57,606	\$ 485,803	\$
Property taxes				
State aid and grants	36,726,145	2,962,435		
Federal aid, grants and reimbursements			25,885,883	
Total revenues	<u>39,021,319</u>	<u>3,020,041</u>	<u>26,371,686</u>	
Expenditures				
Current:				
Instruction	31,845,222	1,866,697		
Support services - students and staff	1,847,038			
Support services - administration			137,905	
Operation and maintenance of plant services			139,750	
Operation of non-instructional services	62,267		25,514,535	
Capital outlay			460,765	
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>33,754,527</u>	<u>1,866,697</u>	<u>26,252,955</u>	
Excess (deficiency) of revenues over expenditures	<u>5,266,792</u>	<u>1,153,344</u>	<u>118,731</u>	
Other financing sources (uses)				
Transfers in				
Transfers out			(1,000,000)	
Total other financing sources (uses)			<u>(1,000,000)</u>	
Changes in fund balances	<u>5,266,792</u>	<u>1,153,344</u>	<u>(881,269)</u>	
Fund balances, beginning of year, previously reported	19,434,527	3,495,240	4,806,144	17,162,519
Adjustments to beginning fund balances				(17,162,519)
Fund balances, beginning of year, as restated	<u>19,434,527</u>	<u>3,495,240</u>	<u>4,806,144</u>	
Fund balances, end of year	<u>\$ 24,701,319</u>	<u>\$ 4,648,584</u>	<u>\$ 3,924,875</u>	<u>\$</u>

Debt Service		Capital Projects Funds		Total Non-Major
Fund				Governmental
Debt Service	Adjacent Ways	Other Capital Projects		Funds
\$ 1,957,449	\$ 61,974	\$		\$ 4,858,006
33,061,367	14,382			33,075,749
				39,688,580
				25,885,883
<u>35,018,816</u>	<u>76,356</u>			<u>103,508,218</u>
				33,711,919
				1,847,038
				137,905
				139,750
				25,576,802
	819,286			1,280,051
22,240,000				22,240,000
10,849,502				10,849,502
<u>33,089,502</u>	<u>819,286</u>			<u>95,782,967</u>
<u>1,929,314</u>	<u>(742,930)</u>			<u>7,725,251</u>
4,716,380				4,716,380
				(1,000,000)
<u>4,716,380</u>				<u>3,716,380</u>
<u>6,645,694</u>	<u>(742,930)</u>			<u>11,441,631</u>
14,024,800	2,932,469	(1,375,372)		60,480,327
		1,375,372		(15,787,147)
<u>14,024,800</u>	<u>2,932,469</u>			<u>44,693,180</u>
<u>\$ 20,670,494</u>	<u>\$ 2,189,539</u>	<u>\$</u>		<u>\$ 56,134,811</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 2,295,174	\$ 2,295,174
State aid and grants			36,726,145	36,726,145
Total revenues			<u>39,021,319</u>	<u>39,021,319</u>
Expenditures				
Current:				
Instruction	47,792,732	52,625,452	31,845,222	20,780,230
Support services - students and staff	1,772,510	1,761,747	1,847,038	(85,291)
Operation of non-instructional services		58,975	62,267	(3,292)
Total expenditures	<u>49,565,242</u>	<u>54,446,174</u>	<u>33,754,527</u>	<u>20,691,647</u>
Changes in fund balances	<u>(49,565,242)</u>	<u>(54,446,174)</u>	<u>5,266,792</u>	<u>59,712,966</u>
Fund balances, beginning of year			<u>19,434,527</u>	<u>19,434,527</u>
Fund balances, end of year	<u>\$ (49,565,242)</u>	<u>\$ (54,446,174)</u>	<u>\$ 24,701,319</u>	<u>\$ 79,147,493</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 57,606	\$ 57,606
State aid and grants		2,962,435	2,962,435
Total revenues		<u>3,020,041</u>	<u>3,020,041</u>
Expenditures			
Current:			
Instruction	1,613,617	1,866,697	(253,080)
Total expenditures	<u>1,613,617</u>	<u>1,866,697</u>	<u>(253,080)</u>
Changes in fund balances	<u>(1,613,617)</u>	<u>1,153,344</u>	<u>2,766,961</u>
Fund balances, beginning of year		<u>3,495,240</u>	<u>3,495,240</u>
Fund balances, end of year	<u>\$ (1,613,617)</u>	<u>\$ 4,648,584</u>	<u>\$ 6,262,201</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 485,803	\$ 485,803
Federal aid, grants and reimbursements			25,885,883	25,885,883
Total revenues			<u>26,371,686</u>	<u>26,371,686</u>
Expenditures				
Current:				
Support services - administration	140,386	140,468	137,905	2,563
Operation and maintenance of plant services	142,264	142,348	139,750	2,598
Operation of non-instructional services	25,973,573	25,988,822	25,514,535	474,287
Capital outlay	<u>570,854</u>	<u>571,189</u>	<u>560,765</u>	<u>10,424</u>
Total expenditures	<u>26,827,077</u>	<u>26,842,827</u>	<u>26,352,955</u>	<u>489,872</u>
Excess (deficiency) of revenues over expenditures	<u>(26,827,077)</u>	<u>(26,842,827)</u>	<u>18,731</u>	<u>26,861,558</u>
Other financing sources (uses)				
Transfers out			<u>(1,000,000)</u>	<u>(1,000,000)</u>
Total other financing sources (uses)			<u>(1,000,000)</u>	<u>(1,000,000)</u>
Changes in fund balances	<u>(26,827,077)</u>	<u>(26,842,827)</u>	<u>(981,269)</u>	<u>25,861,558</u>
Fund balances, beginning of year			<u>4,806,144</u>	<u>4,806,144</u>
Fund balances, end of year	<u>\$ (26,827,077)</u>	<u>\$ (26,842,827)</u>	<u>\$ 3,824,875</u>	<u>\$ 30,667,702</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 1,957,449	\$ 1,957,449
Property taxes		33,061,367	33,061,367
Total revenues		<u>35,018,816</u>	<u>35,018,816</u>
Expenditures			
Debt service:			
Principal retirement	22,240,000	22,240,000	
Interest and fiscal charges	<u>10,848,592</u>	<u>10,849,502</u>	(910)
Total expenditures	<u>33,088,592</u>	<u>33,089,502</u>	<u>(910)</u>
Excess (deficiency) of revenues over expenditures	<u>(33,088,592)</u>	<u>1,929,314</u>	<u>35,017,906</u>
Other financing sources (uses)			
Transfers in		<u>4,716,380</u>	<u>4,716,380</u>
Total other financing sources (uses)		<u>4,716,380</u>	<u>4,716,380</u>
Changes in fund balances	<u>(33,088,592)</u>	<u>6,645,694</u>	<u>39,734,286</u>
Fund balances, beginning of year		<u>14,024,800</u>	<u>14,024,800</u>
Fund balances, end of year	<u>\$ (33,088,592)</u>	<u>\$ 20,670,494</u>	<u>\$ 53,759,086</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 61,974	\$ 61,974
Property taxes		14,382	14,382
Total revenues		<u>76,356</u>	<u>76,356</u>
Expenditures			
Capital outlay	<u>2,000,000</u>	<u>819,286</u>	<u>1,180,714</u>
Total expenditures	<u>2,000,000</u>	<u>819,286</u>	<u>1,180,714</u>
Changes in fund balances	<u>(2,000,000)</u>	<u>(742,930)</u>	<u>1,257,070</u>
Fund balances, beginning of year		<u>2,932,469</u>	<u>2,932,469</u>
Fund balances, end of year	<u>\$ (2,000,000)</u>	<u>\$ 2,189,539</u>	<u>\$ 4,189,539</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	5,767,061	\$ 5,767,061
Total revenues			<u>5,767,061</u>	<u>5,767,061</u>
Expenditures				
Capital outlay	32,818,412	68,818,412	32,831,964	35,986,448
Debt service:				
Principal retirement	2,098,249	2,098,249	2,098,249	
Interest and fiscal charges	83,339	83,339	83,339	
Total expenditures	<u>35,000,000</u>	<u>71,000,000</u>	<u>35,013,552</u>	<u>35,986,448</u>
Excess (deficiency) of revenues over expenditures	<u>(35,000,000)</u>	<u>(71,000,000)</u>	<u>(29,246,491)</u>	<u>41,753,509</u>
Other financing sources (uses)				
Transfers out			(4,716,380)	(4,716,380)
Total other financing sources (uses)			<u>(4,716,380)</u>	<u>(4,716,380)</u>
Changes in fund balances	<u>(35,000,000)</u>	<u>(71,000,000)</u>	<u>(33,962,871)</u>	<u>37,037,129</u>
Fund balances, beginning of year			<u>147,463,333</u>	<u>147,463,333</u>
Fund balances, end of year	<u>\$ (35,000,000)</u>	<u>\$ (71,000,000)</u>	<u>\$ 113,500,462</u>	<u>\$ 184,500,462</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 30,091	\$ 30,091
State aid and grants			9,582,156	9,582,156
Federal aid, grants and reimbursements			490,121	490,121
Total revenues			<u>10,102,368</u>	<u>10,102,368</u>
Expenditures				
Capital outlay	10,000,000	15,000,000	10,358,920	4,641,080
Debt service:				
Principal retirement	2,254,412	2,254,412	2,254,412	
Interest and fiscal charges	519,746	519,746	519,746	
Total expenditures	<u>12,774,158</u>	<u>17,774,158</u>	<u>13,133,078</u>	<u>4,641,080</u>
Excess (deficiency) of revenues over expenditures	<u>(12,774,158)</u>	<u>(17,774,158)</u>	<u>(3,030,710)</u>	<u>14,743,448</u>
Other financing sources (uses)				
Transfers in			1,550,000	1,550,000
Total other financing sources (uses)			<u>1,550,000</u>	<u>1,550,000</u>
Changes in fund balances	<u>(12,774,158)</u>	<u>(17,774,158)</u>	<u>(1,480,710)</u>	<u>16,293,448</u>
Fund balances, beginning of year			<u>(1,375,372)</u>	<u>(1,375,372)</u>
Fund balances, end of year	<u>\$ (12,774,158)</u>	<u>\$ (17,774,158)</u>	<u>\$ (2,856,082)</u>	<u>\$ 14,918,076</u>

Internal Service Funds

Employee Benefit Trust - to account for the financial activity associated with the District's self-insurance program for employee health benefits.

Workers' Compensation Trust - to account for the financial activity associated with the District's self-insurance program for employee workers' compensation.

Tucson Unified School District No. 1
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 26,161,374	\$ 10,290,055	\$ 36,451,429
Accounts receivable	125,500		125,500
Contributions receivable	3,125,595		3,125,595
Total current assets	29,412,469	10,290,055	39,702,524
Total assets	29,412,469	10,290,055	39,702,524
Liabilities			
Current liabilities:			
Accounts payable	1,096,092	15,068	1,111,160
Claims payable	3,022,801	192,000	3,214,801
Total current liabilities	4,118,893	207,068	4,325,961
Noncurrent liabilities:			
Non-current portion of long-term obligations		1,597,687	1,597,687
Total noncurrent liabilities		1,597,687	1,597,687
Total liabilities	4,118,893	1,804,755	5,923,648
Net position			
Unrestricted	25,293,576	8,485,300	33,778,876
Total net position	\$ 25,293,576	\$ 8,485,300	\$ 33,778,876

Tucson Unified School District No. 1
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
Operating revenues			
Contributions	\$ 37,449,972	\$ 2,727,546	\$ 40,177,518
Miscellaneous	7,437,932		7,437,932
Total operating revenues	<u>44,887,904</u>	<u>2,727,546</u>	<u>47,615,450</u>
Operating expenses			
Claims	43,376,071	6,649	43,382,720
Premiums	1,308,555	2,529,905	3,838,460
Administrative fees	2,226,566	71,829	2,298,395
Other	316,756		316,756
Total operating expenses	<u>47,227,948</u>	<u>2,608,383</u>	<u>49,836,331</u>
Operating income (loss)	<u>(2,340,044)</u>	<u>119,163</u>	<u>(2,220,881)</u>
Nonoperating revenues (expenses)			
Investment income	1,152,469	287,485	1,439,954
Total nonoperating revenue (expenses)	<u>1,152,469</u>	<u>287,485</u>	<u>1,439,954</u>
Changes in net position	(1,187,575)	406,648	(780,927)
Net position, beginning of year	<u>26,481,151</u>	<u>8,078,652</u>	<u>34,559,803</u>
Net position, end of year	<u>\$ 25,293,576</u>	<u>\$ 8,485,300</u>	<u>\$ 33,778,876</u>

Tucson Unified School District No. 1
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>			
Cash flows from operating activities			
Cash received from contributions	\$ 37,291,128	\$ 2,788,224	\$ 40,079,352
Cash received from other sources	7,437,932		7,437,932
Cash payments to suppliers for goods and services	(2,558,612)	(2,531,852)	(5,090,464)
Cash payments to employees	(197,173)	(54,814)	(251,987)
Cash payments for claims	(44,043,989)	(219,279)	(44,263,268)
Net cash provided by/used for operating activities	<u>(2,070,714)</u>	<u>(17,721)</u>	<u>(2,088,435)</u>
Cash flows from investing activities			
Investment income	1,152,469	287,485	1,439,954
Net cash provided by/used for investing activities	<u>1,152,469</u>	<u>287,485</u>	<u>1,439,954</u>
Net increase/decrease in cash and cash equivalents	(918,245)	269,764	(648,481)
Cash and cash equivalents, beginning of year	<u>27,079,619</u>	<u>10,020,291</u>	<u>37,099,910</u>
Cash and cash equivalents, end of year	<u>\$ 26,161,374</u>	<u>\$ 10,290,055</u>	<u>\$ 36,451,429</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>			
Operating income/loss	\$ (2,340,044)	\$ 119,163	\$ (2,220,881)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:			
Changes in assets and liabilities:			
Increase/decrease in accounts receivable	(21,434)	32,191	10,757
Increase/decrease in contributions receivable	(137,410)	28,487	(108,923)
Increase/decrease in accounts payable	1,096,092	15,068	1,111,160
Increase/decrease in claims payable	(667,918)	(212,630)	(880,548)
Total adjustments	<u>269,330</u>	<u>(136,884)</u>	<u>132,446</u>
Net cash provided by/used for operating activities	<u>\$ (2,070,714)</u>	<u>\$ (17,721)</u>	<u>\$ (2,088,435)</u>

Statistical Section

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

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Tucson Unified School District No. 1
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Position:					
Net investment in capital assets	\$ 558,717,904	\$ 547,248,548	\$ 532,560,007	\$ 501,423,914	\$ 431,989,628
Restricted	97,332,896	86,964,854	66,217,962	69,842,910	49,820,194
Unrestricted	(288,728,168)	(274,136,664)	(218,593,329)	(260,575,957)	(239,610,013)
Total net position	<u><u>\$ 367,322,632</u></u>	<u><u>\$ 360,076,738</u></u>	<u><u>\$ 380,184,640</u></u>	<u><u>\$ 310,690,867</u></u>	<u><u>\$ 242,199,809</u></u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Position:					
Net investment in capital assets	\$ 476,660,935	\$ 478,308,459	\$ 474,298,602	\$ 480,205,341	\$ 485,420,031
Restricted	41,374,730	41,215,782	46,305,323	39,771,519	47,868,859
Unrestricted	(316,557,834)	(316,693,248)	(332,374,038)	(341,600,591)	(369,873,406)
Total net position	<u><u>\$ 201,477,831</u></u>	<u><u>\$ 202,830,993</u></u>	<u><u>\$ 188,229,887</u></u>	<u><u>\$ 178,376,269</u></u>	<u><u>\$ 163,415,484</u></u>

Source: The source of this information is the District's financial records.

Tucson Unified School District No. 1
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Expenses					
Instruction	\$ 279,770,994	\$ 318,112,481	\$ 314,031,930	\$ 286,371,418	\$ 254,769,001
Support services - students and staff	103,145,235	111,650,731	99,430,592	83,090,999	74,676,328
Support services - administration	51,202,351	54,633,312	50,784,823	43,638,490	42,869,234
Operation and maintenance of plant services	74,532,170	77,092,382	74,205,351	58,210,084	58,478,061
Student transportation services	31,415,831	31,612,231	33,767,346	24,822,279	16,874,014
Operation of non-instructional services	37,903,927	40,051,368	38,551,420	17,975,571	18,770,717
Interest on long-term debt	9,768,821	3,250,390	3,835,592	3,981,426	4,657,824
Total expenses	<u>587,739,329</u>	<u>636,402,895</u>	<u>614,607,054</u>	<u>518,090,267</u>	<u>471,095,179</u>
Program Revenues					
Charges for services:					
Instruction	5,395,094	6,918,519	8,152,682	5,960,316	5,983,899
Operation of non-instructional services	3,686,270	1,419,377	3,630,117	2,192,956	1,209,193
Other activities	8,979,427	4,363,695	1,473,064	2,575,118	3,281,587
Operating grants and contributions	87,407,982	141,713,818	190,238,414	194,453,946	134,520,989
Capital grants and contributions	17,030,635	22,723,086	44,866,682	5,623,970	10,251,412
Total program revenues	<u>122,499,408</u>	<u>177,138,495</u>	<u>248,360,959</u>	<u>210,806,306</u>	<u>155,247,080</u>
Net (Expense)/Revenue	<u>\$ (465,239,921)</u>	<u>\$ (459,264,400)</u>	<u>\$ (366,246,095)</u>	<u>\$ (307,283,961)</u>	<u>\$ (315,848,099)</u>

(Continued)

Tucson Unified School District No. 1
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenses					
Instruction	\$ 259,941,068	\$ 234,491,292	\$ 225,916,641	\$ 219,854,828	\$ 206,973,703
Support services - students and staff	73,940,845	69,279,661	68,096,204	61,436,186	60,250,541
Support services - administration	40,814,157	39,072,525	43,684,486	44,826,243	41,637,711
Operation and maintenance of plant services	55,813,248	49,976,936	50,176,140	49,036,681	49,688,066
Student transportation services	22,620,379	28,768,667	23,294,896	23,769,388	24,277,391
Operation of non-instructional services	23,647,029	22,126,862	25,053,753	25,771,350	24,028,856
Interest on long-term debt	6,518,805	9,043,397	9,248,357	8,400,732	10,932,855
Total expenses	<u>483,295,531</u>	<u>452,759,340</u>	<u>445,470,477</u>	<u>433,095,408</u>	<u>417,789,123</u>
Program Revenues					
Charges for services:					
Instruction	8,029,659	10,251,006	7,807,589	8,329,005	8,055,467
Operation of non-instructional services	4,079,437	4,210,819	4,080,884	4,314,144	2,776,552
Other activities	2,239,943	2,615,677	2,813,622	1,251,279	1,129,835
Operating grants and contributions	100,282,568	99,743,644	96,245,664	67,852,542	64,212,609
Capital grants and contributions	1,523,251	4,049,746	3,936,577	4,434,548	2,441,185
Total program revenues	<u>116,154,858</u>	<u>120,870,892</u>	<u>114,884,336</u>	<u>86,181,518</u>	<u>78,615,648</u>
Net (Expense)/Revenue	<u>\$ (367,140,673)</u>	<u>\$ (331,888,448)</u>	<u>\$ (330,586,141)</u>	<u>\$ (346,913,890)</u>	<u>\$ (339,173,475)</u>

Source: The source of this information is the District's financial records.

(Concluded)

Tucson Unified School District No. 1
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net (Expense)/Revenue	\$ (465,239,921)	\$ (459,264,400)	\$ (366,246,095)	\$ (307,283,961)	\$ (315,848,099)
General Revenues:					
Property taxes	210,188,580	178,469,126	197,256,241	205,357,795	192,224,010
Investment income	13,094,079	5,989,923	2,660,543	(67,131)	888,750
Unrestricted county aid				12,091,888	12,830,248
Unrestricted state aid	245,419,612	247,188,538	229,000,428	149,710,364	143,617,159
Unrestricted federal aid	3,783,494	7,508,911	5,122,889	5,665,941	5,240,801
Proceeds from sale of capital assets			906,010		(1,456,286)
Other				3,016,162	1,441,938
Total general revenues	<u>472,485,765</u>	<u>439,156,498</u>	<u>434,946,111</u>	<u>375,775,019</u>	<u>354,786,620</u>
Changes in Net Position	<u>\$ 7,245,844</u>	<u>\$ (20,107,902)</u>	<u>\$ 68,700,016</u>	<u>\$ 68,491,058</u>	<u>\$ 38,938,521</u>

(Continued)

Tucson Unified School District No. 1
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net (Expense)/Revenue	\$ (367,140,673)	\$ (331,888,448)	\$ (330,586,141)	\$ (346,913,890)	\$ (339,173,475)
General Revenues:					
Property taxes	185,984,409	180,826,698	177,937,901	180,690,434	180,271,189
Investment income	2,523,367	4,013,361	1,601,949	620,166	557,570
Unrestricted county aid	12,538,508	12,775,192	12,452,655	12,876,806	13,151,610
Unrestricted state aid	159,407,085	142,760,977	143,249,793	163,180,636	171,211,671
Unrestricted federal aid	4,605,900	4,867,479	3,637,985	4,506,633	3,831,545
Proceeds from sale of capital assets	61,408	302,331	717,066		
Other	666,834	943,516	842,410		
Total general revenues	<u>365,787,511</u>	<u>346,489,554</u>	<u>340,439,759</u>	<u>361,874,675</u>	<u>369,023,585</u>
Changes in Net Position	<u>\$ (1,353,162)</u>	<u>\$ 14,601,106</u>	<u>\$ 9,853,618</u>	<u>\$ 14,960,785</u>	<u>\$ 29,850,110</u>

Source: The source of this information is the District's financial records.

Note: Due to a change in legislation, beginning with fiscal year 2023, unrestricted county aid is now presented with property taxes.

(Concluded)

Tucson Unified School District No. 1
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General Fund:					
Nonspendable	\$ 2,244,633	\$ 2,556,925	\$ 1,689,829	\$ 2,779,614	\$ 3,041,773
Restricted	3,370,548	6,232,310	4,833,754	2,094,387	3,309,506
Unassigned	71,215,787	79,919,356	77,975,549	48,669,997	45,167,173
Total General Fund	<u>\$ 76,830,968</u>	<u>\$ 88,708,591</u>	<u>\$ 84,499,132</u>	<u>\$ 53,543,998</u>	<u>\$ 51,518,452</u>
All Other Governmental Funds:					
Nonspendable	\$ 1,492,078	\$ 1,488,760	\$ 2,015,554	\$ 1,415,101	\$ 1,970,100
Restricted	185,544,780	207,830,272	50,810,624	59,435,974	46,358,474
Unassigned	(5,975,630)	(33,907,416)	(33,840,798)	(1,535,645)	
Total all other governmental funds	<u>\$ 181,061,228</u>	<u>\$ 175,411,616</u>	<u>\$ 18,985,380</u>	<u>\$ 59,315,430</u>	<u>\$ 48,328,574</u>

(Continued)

Tucson Unified School District No. 1
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:					
Nonspendable	\$ 1,268,988	\$ 1,217,547	\$ 1,357,985	\$ 1,762,249	\$ 1,532,880
Restricted	5,406,127	9,227,912	10,490,744		
Unassigned	25,880,765	10,707,882	18,160,003	23,310,670	30,871,023
Total General Fund	<u>\$ 32,555,880</u>	<u>\$ 21,153,341</u>	<u>\$ 30,008,732</u>	<u>\$ 25,072,919</u>	<u>\$ 32,403,903</u>
All Other Governmental Funds:					
Nonspendable	\$ 1,516,115	\$ 953,075	\$ 1,004,339	\$ 485,008	\$ 643,318
Restricted	30,859,024	83,167,094	86,101,759	37,499,375	44,700,979
Committed				4,925,981	2,419,323
Unassigned	(4,747,643)			(167,967)	(201,455)
Total all other governmental funds	<u>\$ 27,627,496</u>	<u>\$ 84,120,169</u>	<u>\$ 87,106,098</u>	<u>\$ 42,742,397</u>	<u>\$ 47,562,165</u>

Source: The source of this information is the District's financial records.

(Concluded)

Tucson Unified School District No. 1
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Federal sources:					
Federal grants	\$ 84,696,237	\$ 109,632,862	\$ 163,665,466	\$ 134,979,193	\$ 94,665,127
National School Lunch Program	25,785,883	22,842,808	20,367,308	23,173,807	16,570,430
Impact Aid	1,333,311	1,902,246	1,167,526	708,402	1,134,933
Interest Subsidy	490,121	580,998	667,990	752,185	830,978
Total federal sources	<u>112,305,552</u>	<u>134,958,914</u>	<u>185,868,290</u>	<u>159,613,587</u>	<u>113,201,468</u>
State sources:					
State equalization assistance	200,115,206	200,076,231	189,177,014	149,710,364	143,617,159
State grants	4,463,329	7,972,095	1,717,383	315,622	274,719
School Facilities Oversight Board	9,582,156	16,244,796	6,517,250	5,623,970	10,241,412
Other revenues	46,993,606	49,651,769	40,669,522	36,967,735	23,917,792
Total state sources	<u>261,154,297</u>	<u>273,944,891</u>	<u>238,081,169</u>	<u>192,617,691</u>	<u>178,051,082</u>
Local sources:					
Property taxes	209,824,880	194,208,066	200,493,467	200,092,700	189,810,031
County aid				12,091,888	12,830,248
Food service sales	439,601	1,083,843	1,377,338	244,388	263,017
Investment income	11,654,125	4,502,827	1,942,928	153,327	731,565
Other revenues	21,359,802	17,134,656	16,737,686	7,081,677	14,478,412
Total local sources	<u>243,278,408</u>	<u>216,929,392</u>	<u>220,551,419</u>	<u>219,663,980</u>	<u>218,113,273</u>
Total revenues	<u><u>\$ 616,738,257</u></u>	<u><u>\$ 625,833,197</u></u>	<u><u>\$ 644,500,878</u></u>	<u><u>\$ 571,895,258</u></u>	<u><u>\$ 509,365,823</u></u>

(Continued)

Tucson Unified School District No. 1
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Federal sources:					
Federal grants	\$ 58,524,285	\$ 55,232,554	\$ 51,122,305	\$ 48,067,680	\$ 44,769,017
National School Lunch Program	16,110,531	17,348,341	17,115,645	19,377,148	17,705,168
Impact Aid	674,968	1,462,306	559,516	1,273,114	966,667
Interest Subsidy	908,930	1,019,837	1,134,580	2,973,687	1,853,469
Total federal sources	<u>76,218,714</u>	<u>75,063,038</u>	<u>69,932,046</u>	<u>71,691,629</u>	<u>65,294,321</u>
State sources:					
State equalization assistance	159,407,085	142,760,977	143,249,793	142,748,905	147,561,816
State grants	567,225	661,026	3,038,640	480,624	796,650
School Facilities Oversight Board	1,523,251	4,049,746	3,936,577	730,985	523,629
Other revenues	24,553,701	24,653,833	23,251,337	21,038,252	23,043,329
Total state sources	<u>186,051,262</u>	<u>172,125,582</u>	<u>173,476,347</u>	<u>164,998,766</u>	<u>171,925,424</u>
Local sources:					
Property taxes	184,383,619	180,195,987	177,301,481	180,359,530	179,330,981
County aid	12,538,508	12,775,192	12,452,655	12,876,806	13,151,610
Food service sales	2,604,869	2,844,784	2,638,612	2,415,246	1,400,598
Investment income	1,952,441	3,525,260	1,529,259	391,230	280,587
Other revenues	15,974,832	19,084,460	16,567,519	16,365,205	15,182,965
Total local sources	<u>217,454,269</u>	<u>218,425,683</u>	<u>210,489,526</u>	<u>212,408,017</u>	<u>209,346,741</u>
Total revenues	<u>\$ 479,724,245</u>	<u>\$ 465,614,303</u>	<u>\$ 453,897,919</u>	<u>\$ 449,098,412</u>	<u>\$ 446,566,486</u>

Source: The source of this information is the District's financial records.

Note: Due to a change in legislation, beginning with fiscal year 2023, county aid is now presented with property taxes.

(Concluded)

Tucson Unified School District No. 1
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Expenditures:					
Current -					
Instruction	\$ 241,345,260	\$ 266,546,287	\$ 277,686,635	\$ 285,061,022	\$ 232,695,799
Support services - students and staff	100,058,629	104,611,439	101,925,554	86,441,025	74,004,718
Support services - administration	44,238,263	45,032,498	44,992,820	47,043,026	42,004,995
Operation and maintenance of plant services	71,159,626	72,635,233	72,707,797	59,732,750	57,515,458
Student transportation services	25,011,804	24,641,787	25,443,653	25,183,576	15,040,237
Operation of non-instructional services	36,520,252	37,804,542	37,421,499	25,089,817	19,612,023
Capital outlay	69,296,894	51,546,234	79,945,826	18,563,730	13,420,256
Debt service -					
Principal retirement	28,995,429	17,559,392	17,487,239	15,004,823	14,074,822
Interest and fiscal charges	11,582,947	4,159,463	4,744,669	5,413,438	6,089,838
Bond issuance costs		1,269,003			
Total expenditures	<u>\$ 628,209,104</u>	<u>\$ 625,805,878</u>	<u>\$ 662,355,692</u>	<u>\$ 567,533,207</u>	<u>\$ 474,458,146</u>
Expenditures for capitalized assets	\$ 49,376,490	\$ 32,777,459	\$ 46,830,494	\$ 30,521,039	\$ 15,044,684
Debt service as a percentage of noncapital expenditures	7%	4%	4%	4%	4%

(Continued)

Tucson Unified School District No. 1
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenditures:					
Current -					
Instruction	\$ 231,263,517	\$ 224,894,362	\$ 215,541,714	\$ 206,083,290	\$ 184,171,606
Support services - students and staff	72,651,487	73,853,829	71,953,557	65,080,307	62,254,885
Support services - administration	40,842,176	40,659,752	44,276,474	46,887,015	42,556,971
Operation and maintenance of plant services	54,251,356	50,731,964	51,464,117	50,490,660	49,925,794
Student transportation services	20,607,466	27,760,076	25,395,575	22,374,249	22,123,760
Operation of non-instructional services	23,372,477	26,324,824	26,160,227	26,422,667	24,575,643
Capital outlay	6,718,193	9,582,324	7,895,688	16,552,132	26,349,041
Debt service -					
Principal retirement	62,381,585	13,849,839	17,412,074	21,157,816	23,785,413
Interest and fiscal charges	13,402,011	10,475,411	9,967,726	9,258,936	11,071,732
Bond issuance costs			425,740		
Total expenditures	<u>\$ 525,490,268</u>	<u>\$ 478,132,381</u>	<u>\$ 470,492,892</u>	<u>\$ 464,307,072</u>	<u>\$ 446,814,845</u>
Expenditures for capitalized assets	\$ 8,259,371	\$ 14,636,631	\$ 11,417,414	\$ 4,361,210	\$ 10,057,049
Debt service as a percentage of noncapital expenditures	15%	5%	6%	7%	8%

Source: The source of this information is the District's financial records.

(Concluded)

Tucson Unified School District No. 1
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Excess (deficiency) of revenues over expenditures	\$ (11,470,847)	\$ 27,319	\$ (17,854,814)	\$ 4,362,051	\$ 34,907,677
Other financing sources (uses):					
Issuance of school improvement bonds		136,005,000			
Premium on sale of bonds		14,923,103			
Financed purchase agreements			3,151,959		
SBITA Agreements	1,098,995	1,135,216	1,359,895		
Lease agreements	432,201	985,299	471,914		
Proceeds from sale of capital assets	176,555	1,896,627	2,667,372		735,746
Transfers in	9,431,339	10,634,489	6,904,113	4,909,146	5,578,049
Transfers out	(9,431,339)	(10,634,489)	(6,904,113)	(4,909,146)	(5,578,049)
Insurance recoveries	3,535,085	5,663,131	64,251		
Total other financing sources (uses)	<u>5,242,836</u>	<u>160,608,376</u>	<u>7,715,391</u>		<u>735,746</u>
Changes in fund balances	<u>\$ (6,228,011)</u>	<u>\$ 160,635,695</u>	<u>\$ (10,139,423)</u>	<u>\$ 4,362,051</u>	<u>\$ 35,643,423</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Excess (deficiency) of revenues over expenditures	\$ (45,766,023)	\$ (12,518,078)	\$ (16,594,973)	\$ (15,208,660)	\$ (248,359)
Other financing sources (uses):					
Issuance of refunding bonds			48,520,000	63,000,000	
Premium on sale of bonds			6,885,717	12,203,632	
Payment to refunded bond escrow agent				(74,611,042)	
Financed purchase agreements		566,129	3,149,507		
Proceeds from sale of capital assets	61,408	302,331	7,224,196	2,838,216	1,426,879
Transfers in	4,829,262	2,606,530	5,843,892	15,471,949	5,167,740
Transfers out	(4,829,262)	(2,606,530)	(5,843,892)	(15,471,949)	(5,167,740)
Total other financing sources (uses)	<u>61,408</u>	<u>868,460</u>	<u>65,779,420</u>	<u>3,430,806</u>	<u>1,426,879</u>
Changes in fund balances	<u>\$ (45,704,615)</u>	<u>\$ (11,649,618)</u>	<u>\$ 49,184,447</u>	<u>\$ (11,777,854)</u>	<u>\$ 1,178,520</u>

Source: The source of this information is the District's financial records.

Tucson Unified School District No. 1
Net Full Cash Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Commercial, Industrial, Utilities and Mining	\$ 1,441,977,278	\$ 1,290,189,516	\$ 1,258,130,863	\$ 1,230,262,945	\$ 1,170,540,895
Agricultural and Vacant	104,982,397	96,639,349	100,390,950	103,787,413	90,662,790
Residential (Owner Occupied)	2,941,004,114	2,394,034,637	1,992,691,577	1,891,046,445	1,822,449,820
Residential (Rental)	1,614,515,134	1,306,086,220	1,109,423,968	1,031,542,099	952,165,569
Railroad, Private Cars and Airlines	2,626,204	2,797,618	3,549,910	3,373,120	3,027,988
Historical Property	<u>71,346,458</u>	<u>60,356,216</u>	<u>52,935,863</u>	<u>48,901,307</u>	<u>47,056,262</u>
Total	<u>\$ 6,176,451,585</u>	<u>\$ 5,150,103,556</u>	<u>\$ 4,517,123,131</u>	<u>\$ 4,308,913,329</u>	<u>\$ 4,085,903,324</u>
Gross Full Cash Value	\$ 64,136,029,075	\$ 53,041,613,324	\$ 45,967,373,300	\$ 43,694,728,378	\$ 41,593,233,019
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	54,158,856,305	44,493,325,309	38,213,545,399	36,034,927,576	34,135,094,188
Total Direct Rate	5.71	5.54	5.92	6.10	6.12

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	\$ 1,137,974,223	\$ 1,136,096,565	\$ 1,090,605,695	\$ 1,006,656,328	\$ 1,012,574,440
Agricultural and Vacant	91,497,804	96,559,030	81,395,327	97,700,856	108,813,131
Residential (Owner Occupied)	1,740,617,423	1,566,819,236	1,461,545,958	1,429,214,902	1,318,079,541
Residential (Rental)	858,092,105	817,052,172	758,174,083	717,687,648	672,444,407
Railroad, Private Cars and Airlines	3,120,706	3,085,228	3,127,378	2,705,166	2,750,284
Historical Property	43,957,798	39,352,702	36,589,056	35,707,258	31,954,759
Certain Government Property Improvements		<u>4,278</u>	<u>4,213</u>		<u>9,746</u>
Total	<u>\$ 3,875,260,059</u>	<u>\$ 3,658,969,211</u>	<u>\$ 3,431,441,710</u>	<u>\$ 3,289,672,158</u>	<u>\$ 3,146,626,308</u>
Gross Full Cash Value	\$ 39,316,138,651	\$ 36,686,834,759	\$ 34,855,331,732	\$ 34,223,586,164	\$ 32,389,286,776
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	32,229,225,820	30,220,353,156	28,261,925,610	27,003,331,012	25,127,617,416
Total Direct Rate	6.33	6.55	6.93	7.12	7.34

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Tucson Unified School District No. 1
Property Tax Assessment Ratios
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Commercial, Industrial, Utilities and Mining	17 %	17 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	14	15	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	19 %
Agricultural and Vacant	15	15	15	15	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	14	15

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

Tucson Unified School District No. 1
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Overlapping Rates										District Direct Rates		
	State Equalization	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Tucson	City of South Tucson	Primary	Secondary	Total	
	2025	0.00	4.22	0.55	0.33	1.25	0.04	0.14	1.03	0.22	3.43	2.28	5.71
2024	0.00	4.23	0.55	0.33	1.28	0.04	0.14	1.05	0.22	3.60	1.94	5.54	
2023	0.00	4.20	0.55	0.32	1.29	0.04	0.14	1.43	0.23	3.84	2.08	5.92	
2022	0.43	3.88	0.54	0.33	1.27	0.04	0.14	1.31	0.24	3.95	2.15	6.10	
2021	0.44	3.92	0.54	0.33	1.34	0.04	0.14	1.36	0.25	3.86	2.26	6.12	
2020	0.46	4.00	0.54	0.33	1.38	0.04	0.14	1.38	0.24	3.96	2.37	6.33	
2019	0.47	4.07	0.52	0.33	1.40	0.04	0.14	1.48	0.25	4.10	2.45	6.55	
2018	0.49	4.46	0.51	0.31	1.39	0.05	0.14	1.43	0.25	6.38	0.55	6.93	
2017	0.50	4.98	0.52	0.33	1.37	0.05	0.14	1.60	0.25	6.38	0.74	7.12	
2016	0.51	5.09	0.52	0.31	1.37	0.05	0.14	1.60	0.25	6.52	0.82	7.34	

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

Tucson Unified School District No. 1
Principal Property Taxpayers
Current Fiscal Year and Fiscal Year Nine Years Prior

<u>Taxpayer</u>	<u>2025</u>			<u>2016</u>		
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>%</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>	<u>%</u>
Unisource Energy Corporation	\$ 99,592,909	2.33	%	\$ 60,340,168	1.92	%
Southwest Gas Corporation	53,837,785	1.26		20,610,043	0.65	
HSL Properties, Inc.	31,145,502	0.73				
SMSJ Tucson Holdings LLC	26,594,821	0.62				
Marshall Foundation	18,761,995	0.44				
Bourn Companies	13,215,955	0.31				
Qwest / Centurylink Communication	11,787,770	0.28		21,603,145	0.69	
Bridge Investment Group	11,024,583	0.26				
SWVP Starr Pass LLC	9,962,335	0.23				
Wal-Mart Stores, Inc.	9,924,009	0.23		11,355,356	0.36	
Starr Pass Resort Developments LLC				10,916,448	0.35	
TMC Holdings Inc				6,757,227	0.21	
WC Partners et al (Williams Center)				8,615,653	0.27	
Verizon Wireless				6,777,011	0.22	
AT&T Telecommunications, Inc.				6,515,940	0.21	
Park Place Shopping Center				6,287,186	0.20	
Total	<u><u>\$ 285,847,664</u></u>	<u><u>6.69</u></u>	<u><u>%</u></u>	<u><u>\$ 159,778,177</u></u>	<u><u>5.08</u></u>	<u><u>%</u></u>

Source: The source of this information is the Pima County Assessor's records.

Tucson Unified School District No. 1
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2025	\$ 205,350,446	\$ 200,714,008	97.74 %	\$	\$ 200,714,008	97.74 %
2024	189,333,663	185,413,868	97.93	3,903,283	189,317,151	99.99
2023	196,708,355	188,959,107	96.06	7,732,294	196,691,401	99.99
2022	198,751,941	190,712,610	95.96	8,028,050	198,740,660	99.99
2021	186,269,692	181,741,818	97.57	4,516,366	186,258,184	99.99
2020	179,957,364	176,017,356	97.81	3,927,786	179,945,142	99.99
2019	177,214,473	171,809,696	96.95	5,391,867	177,201,563	99.99
2018	171,842,883	166,761,271	97.04	5,067,762	171,829,033	99.99
2017	175,019,179	169,670,800	96.94	5,334,313	175,005,113	99.99
2016	180,517,207	172,697,266	95.67	7,804,352	180,501,618	99.99

Source: The source of this information is the Pima County Treasurer's records.

Notes: 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

Tucson Unified School District No. 1
Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds							Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Financed Purchases	Leases	SBITA	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2025	\$ 196,528,662	\$ 21,208,198	\$ 175,320,464	0.27 %	\$ 357	\$ 10,070,354	\$ 1,575,380	\$ 2,040,324	\$ 210,214,720	0.33 %	\$ 429	N/A %
2024	221,237,319	14,271,192	206,966,127	0.39	424	14,423,015	1,997,690	2,489,586	240,147,610	0.45	492	0.39
2023	83,817,115	12,699,428	71,117,687	0.15	128	17,083,990	3,025,105	2,710,073	106,636,283	0.23	192	0.19
2022	98,780,018	15,649,010	83,131,008	0.19	152	16,700,916	3,444,807		118,925,741	0.27	218	0.48
2021	125,289,308	14,211,048	111,078,260	0.27	202	19,440,739			144,730,047	0.35	264	0.54
2020	125,829,308	11,893,986	113,935,322	0.29	208	22,075,561			147,904,869	0.38	271	0.60
2019	192,863,242	9,002,551	183,860,691	0.50	338	24,697,146			217,560,388	0.59	400	0.91
2018	206,075,984	11,042,670	195,033,314	0.56	363	27,130,856			233,206,840	0.67	434	1.04
2017	163,266,104	6,258,790	157,007,314	0.46	295	30,873,423			194,139,527	0.57	364	0.90
2016	174,496,634	3,760,236	170,736,398	0.53	323	38,681,239			213,177,873	0.66	403	1.02

Source: The source of this information is the District's financial records.

- Notes:** 1) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87 were adopted in fiscal year 2022. The standard replaces the previous capital and operating lease designations with financed purchases or leases depending on the substance of the transactions. The fiscal year 2016-2021 information within this column relates to the transactions previously designated as capital leases.
2) N/A indicates that the information is not available.

Tucson Unified School District No. 1
Direct and Overlapping Governmental Activities Debt
June 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Pima County	\$ 44,590,000	38.29 %	\$ 17,073,511
City of Tucson	57,875,000	71.69	41,490,588
Subtotal, Overlapping Debt			<u>58,564,099</u>
Direct:			
Tucson Unified School District No.1			<u>210,214,720</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 268,778,819</u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.10 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 477	
As a Percentage of Net Limited Assessed Valuation		5.47 %
As a Percentage of Gross Full Cash Value		0.36 %

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2024 is presented for the overlapping governments as this is the most recent available information.

Tucson Unified School District No. 1
Legal Debt Margin Information
Last Ten Fiscal Years

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2025:

Net full cash assessed valuation	\$ 6,176,451,585
Debt limit (20% of assessed value)	1,235,290,317
Debt applicable to limit	<u>195,314,607</u>
Legal debt margin	<u><u>\$ 1,039,975,710</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2025:

Net full cash assessed valuation	\$ 6,176,451,585
Debt limit (30% of assessed value)	1,852,935,476
Debt applicable to limit	<u>195,314,607</u>
Legal debt margin	<u><u>\$ 1,657,620,869</u></u>

Fiscal Year Ended June 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt Limit	\$ 1,852,935,476	\$ 1,545,031,067	\$ 1,355,136,939	\$ 1,292,673,999	\$ 1,225,770,997
Total net debt applicable to limit	<u>195,314,607</u>	<u>219,838,494</u>	<u>82,394,977</u>	<u>77,919,855</u>	<u>90,184,854</u>
Legal debt margin	<u><u>\$ 1,657,620,869</u></u>	<u><u>\$ 1,325,192,573</u></u>	<u><u>\$ 1,272,741,962</u></u>	<u><u>\$ 1,214,754,144</u></u>	<u><u>\$ 1,135,586,143</u></u>
Total net debt applicable to the limit as a percentage of debt limit	11%	14%	6%	6%	7%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Limit	\$ 1,162,578,018	\$ 1,097,690,753	\$ 1,029,432,513	\$ 986,901,647	\$ 943,987,892
Total net debt applicable to limit	<u>107,009,008</u>	<u>113,798,957</u>	<u>124,823,499</u>	<u>148,185,000</u>	<u>168,855,000</u>
Legal debt margin	<u><u>\$ 1,055,569,010</u></u>	<u><u>\$ 983,891,796</u></u>	<u><u>\$ 904,609,014</u></u>	<u><u>\$ 838,716,647</u></u>	<u><u>\$ 775,132,892</u></u>
Total net debt applicable to the limit as a percentage of debt limit	9%	10%	12%	15%	18%

Source: The source of this information is the District's financial records.

- Notes:** 1) The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

Tucson Unified School District No. 1
County-Wide Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2024	1,086,634	\$ N/A	\$ N/A	3.6 %	490,411
2023	1,080,300	61,910,157	58,232	3.8	487,844
2022	1,072,298	57,601,036	54,464	3.8	554,021
2021	1,058,318	25,003,587	45,789	3.9	546,061
2020	1,052,375	26,557,551	48,373	7.3	549,016
2019	1,044,675	24,845,159	45,456	8.0	546,576
2018	1,034,201	23,930,525	44,030	5.2	543,505
2017	1,033,781	22,475,960	41,811	4.3	537,566
2016	1,025,044	21,501,766	40,339	4.5	533,023
2015	1,016,746	20,986,836	39,695	5.0	528,706

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics.

Note: N/A indicates that the information is not available.

**Tucson Unified School District No. 1
Principal Employers
Current Fiscal Year and Fiscal Year Nine Years Prior**

<u>Employer</u>	<u>2025</u>		<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
University of Arizona	15,620	4.30 %	11,251	2.48 %
Raytheon Missile Systems	13,380	3.69	9,600	2.12
United States Department of the Air Force	9,760	2.69		
Tucson Unified School District	8,070	2.22	6,770	1.49
Banner University Medical Center Tucson	7,670	2.11	6,272	1.38
Pima County	7,130	1.96	7,060	1.56
Tucson Medical Center	6,720	1.85		
State of Arizona	5,470	1.51	8,580	1.89
City of Tucson	4,620	1.27		
Wal-Mart Stores, Inc.	4,340	1.20	5,500	1.21
US Customs and Border Protection			5,739	1.27
Davis Monthan AFB			8,406	1.85
Freeport-McMoran Mining			5,530	1.22
Total	<u>82,780</u>	<u>22.80 %</u>	<u>74,708</u>	<u>16.47 %</u>
Total employment	<u>363,060</u>		<u>453,300</u>	

Source: The source of this information is the Maricopa Association of Governments.

Tucson Unified School District No. 1
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Function					
Instruction	3,283	3,458	3,408	3,319	3,294
Support services - students and staff	1,126	1,125	1,100	1,006	977
Support services - administration	469	440	425	414	396
Operation and maintenance of plant services	715	684	661	629	640
Student transportation services	327	310	285	283	333
Operation of non-instructional services	306	251	250	241	272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>6,226</u>	<u>6,268</u>	<u>6,129</u>	<u>5,892</u>	<u>5,912</u>

(Continued)

Tucson Unified School District No. 1
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Function					
Instruction	3,452	3,449	3,312	3,163	3,050
Support services - students and staff	981	924	890	834	676
Support services - administration	420	463	462	1,019	987
Operation and maintenance of plant services	555	651	656	425	412
Student transportation services	467	388	396	351	321
Operation of non-instructional services	306	295	310	174	198
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>6,181</u>	<u>6,170</u>	<u>6,026</u>	<u>5,966</u>	<u>5,644</u>

Source: The source of this information is District personnel records.

Note: This data includes both vacant and filled positions.

(Concluded)

Tucson Unified School District No. 1
Operating Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2025	37,157	\$ 518,333,834	\$ 13,950	(4.45) %	\$ 587,739,329	\$ 15,818	(6.15) %	2,623	14.2	93.4 %
2024	37,758	551,271,786	14,600	0.81	636,402,895	16,855	6.07	2,753	13.7	70.3
2023	38,680	560,177,958	14,482	7.78	614,607,054	15,890	20.64	2,745	14.1	76.6
2022	39,335	528,551,216	13,437	19.76	518,090,267	13,171	9.86	2,737	14.4	66.1
2021	39,293	440,873,230	11,220	6.53	471,095,179	11,989	4.34	2,742	14.3	52.9
2020	42,060	442,988,479	10,532	0.73	483,295,531	11,491	7.82	2,825	14.9	70.3
2019	42,484	444,224,807	10,456	5.42	452,759,340	10,657	4.87	2,842	14.9	63.9
2018	43,835	434,791,664	9,919	5.91	445,470,477	10,162	4.56	3,176	13.8	67.6
2017	44,560	417,338,188	9,366	11.41	433,095,408	9,719	6.71	3,163	14.1	71.0
2016	45,870	385,608,659	8,407	1.51	417,789,123	9,108	0.01	3,050	15.0	75.0

Source: The source of this information is the District's financial records.

Note: Operating expenditures are total expenditures less debt service and capital outlay.

Tucson Unified School District No. 1
Capital Assets Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Schools</u>										
Elementary and K-8										
Buildings	315	489	489	489	489	490	490	490	493	519
Square feet	3,363,224	2,393,676	2,393,676	2,393,676	2,393,676	2,447,043	2,447,043	2,447,043	2,557,066	2,750,819
Capacity	36,550	28,950	28,950	28,950	28,950	28,950	28,950	28,950	26,220	31,600
Enrollment	20,499	17,536	18,031	18,031	18,167	18,132	21,366	20,479	21,543	22,095
Middle										
Buildings	60	126	126	126	126	126	126	126	126	126
Square feet	1,049,588	1,825,448	1,825,448	1,825,448	1,825,448	1,825,448	1,732,852	1,732,852	1,823,702	1,823,702
Capacity	10,125	17,125	17,125	17,125	17,125	17,125	17,125	17,125	20,850	20,850
Enrollment	4,448	8,840	8,797	8,797	9,209	9,495	10,023	10,004	10,067	10,152
High										
Buildings	116	119	119	119	119	119	118	118	118	118
Square feet	3,375,158	3,411,819	3,411,819	3,411,819	3,411,819	3,411,819	3,411,819	3,411,819	3,411,819	3,411,819
Capacity	20,975	21,575	21,575	21,575	21,575	21,575	21,575	21,575	21,575	21,575
Enrollment	11,289	12,607	13,931	13,931	14,143	13,760	14,166	14,088	14,253	14,214
Other										
Buildings	40	86	95	104	104	104	104	104	104	92
Square feet	445,326	435,925	471,383	506,841	506,841	506,841	506,841	506,841	506,841	559,201
Capacity		675	675	675	675	675	675	675	675	675
Enrollment		748	441	441	364	383	174	174	174	174
<u>Administrative</u>										
Buildings	404	93	93	93	93	92	91	91	91	91
Square feet	532,609	523,366	523,366	523,366	523,366	484,196	460,301	460,301	460,301	460,301
<u>Transportation</u>										
Garages	14	14	14	14	14	14	14	14	14	14
Buses	371	341	341	341	341	341	341	341	323	318
<u>Athletics</u>										
Multi-purpose fields	9	9	9	9	9	9	9	9	9	9
Football fields	9	9	9	9	9	9	9	9	9	9
Running tracks	9	9	9	9	9	9	9	9	9	9
Baseball/softball	36	36	36	36	36	36	36	36	36	36
Swimming pools	2	2	2	2	2	2	2	2	2	2

Source: The source of this information is the District's facilities records.

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