

TUCSON UNIFIED

SCHOOL DISTRICT



Comprehensive Annual Financial Report

Fiscal year ended June 30, 2020

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
TUCSON UNIFIED SCHOOL DISTRICT NO. 1
TUCSON, ARIZONA
FOR THE YEAR ENDED JUNE 30, 2020**

ISSUED BY:
FINANCIAL SERVICES DEPARTMENT

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Introductory



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December 23, 2020

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

State law mandates that school districts are required to undergo an annual single audit and publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Tucson Unified School District No. 1 (District) for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free 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 CliftonLarsonAllen LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent 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, 2019, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) designed to meet the special needs of federal grantor agencies. The standards governing Uniform Guidance engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of

Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

Everything Under the Sun Video about District Programs
https://youtu.be/l3vsZ_p8n8A

Tucson Unified School District is very proud that it is the oldest district in Arizona and was created by a territorial board of supervisors in November 1867 before Arizona was a state in the union. Tucson Unified is one of 18 public school districts located in Pima County and ultimately was formed by the unification of Tucson Elementary School District No. 1 and Tucson High School District No. 1 on July 1, 1976. The District provides public education services to over 45,000 students from Pre-Kindergarten through grade 12. District schools are spread over 230 square miles of the metropolitan Tucson area and certain unincorporated areas of the County. The average age of school structures is 47 years.

As one of the largest school districts in Arizona (over 100 school and specialty programs) and among the largest 100 districts in the United States, Tucson Unified's 2019-2020 student enrollment is approximately 80 percent from minority ethnic groups and more than 90 world languages are spoken in the District. The District offers extensive educational programs, such as advanced learning experiences (ALE), career and technical education (CTE), gifted and talented education (GATE), award-winning fine arts, bilingual and multicultural education. The District is composed of traditional comprehensive schools, magnet schools, and flexible alternative programs customized to meet our students' needs. The District is also a member of the Pima County Joint Technological District (JTED), which provides students with hands-on skills for their career or college path.

Each school district within Pima County 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 is to provide an efficient educational system for the children enrolled in public schools within its boundaries, whereby each child has access to programs and services that are appropriate to his or her educational needs.

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 Governing Board consists of five members, each of whom is elected for a four-year term on a staggered basis. 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. The District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and extracurricular activities.

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code details for the General Fund and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have over expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The economy of the District is centered on Pima County, which has a population of just over 1 million. The City of Tucson encompasses approximately 227 square miles. Principal economic activities within the District include manufacturing, services, government, education, and tourism. Some of Tucson's largest employers are listed in the Statistical Section of this Comprehensive Annual Financial Report. Tucson is home to many family-friendly events each year including the world's largest gem, mineral, and fossil shows, the Tucson Festival of Books and the International Mariachi Festival. Since 1975, Metropolitan Tucson has grown by an average of 2.4 percent per year. There have been only two instances within the reported time period where population growth fell below 1 percent. The Tucson region is home to nearly 1.3 million people. Since 2008, the region suffered an economic setback and endured the real estate crisis that resulted in reduced home values and lost jobs. However, in the most recent data, we see positive and upward trending in the market and improved conditions that restored some of the losses in real estate and employment.

State funding. The State budget for FY19-20 included an increase to the Base Support Level of 2% for inflation in addition to a 2.8% increase targeted specifically for the increase of teacher salaries as part of a three-year plan to increase teacher salaries a total of 20% over the base year FY16-17. Capital budget funding continues to cause a strain on the District's ability to sustain capital and deferred maintenance needs such as building improvements, school buses and technology equipment. The cumulative capital reduction for the District has reached a total of \$155 million through 2019-2020 although a plan has been enacted to eliminate the capital reduction and restore the capital funding formula by 2022-2023. In 2019-2020, \$64 million was restored back to capital funding which reduced the amount of capital funding that was withheld from 65% down to 32%.

Effect of COVID-19. The District established a COVID-19 task force on March 2, 2020 that consisted of 32 team members from all functional areas and departments. The team began developing the District's pandemic protocols, online education plan, and disinfection plan in addition to reviewing online curriculum needs, food distribution, and communication methods.

On, March 15, 2020, the governor mandated a state-wide school closure. The District swiftly procured approximately \$4 million in student technology devices and distributed to families across the district to enable students to work from home and complete the 2019-2020 school year remotely.

On March 27, 2020, HB2910 was signed which mandated the District continue to pay all employees through the remainder of the closure, which resulted in continued payment through the remainder of the fiscal year. The continued payment of salaries in the areas of food service and community schools posed a financial hardship due to the loss of revenue during the school closures. Therefore, the district was able to fund some of these losses with the \$18.5 million in relief funding that the district received through the CARES Act Elementary and Secondary School Emergency Relief (ESSER) fund in addition to monies funded by the Enrollment Stability Grant.

The District remained online through the 2019-2020 school year and spent the final quarter preparing the district's instructional model for the 2020-2021 school year.

The District's FY21 budget included an enrollment loss of 1% and set aside an enrollment contingency of an additional 1% as the criteria for the Enrollment Stability Grant was designed to hold districts harmless at a 2% enrollment decline.

The Enrollment Stability Grant covers expenditures through December 30, 2020 and the ESSER grant covers expenditures through September 30, 2021.

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 February 2014, the Governing Board approved a Five-Year Strategic Plan that included strategic priorities in five key areas: curriculum, diversity, finance, operations, and communication. The plan was formed with input from more than 400 community members. For each year, each category in the plan contains five strategic priorities and five SMART (specific, measurable, achievable, realistic, time-bound) goals. In all, the five-year plan contains 125 goals designed to serve as a road map for achieving high performance and tight alignment. The plan was formed 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 District began in 2019-20 the process of developing new goals and a strategic plan. However, due to COVID, the process was postponed.

B. Comprehensive Curriculum:

The Curriculum Department continues to develop a comprehensive curriculum in each subject area. This work began in 2013-14 with an aggressive push to develop a written curriculum aligned to standards and appropriate for systematic deployment. The Curriculum Department started the process with an emphasis on the core subjects of English Language Arts and Mathematics, developing curriculum maps and a written scope and sequence to ensure that students at all sites – regardless of race, ethnicity, ELL status, or socio-economic background – would be exposed to teaching which reflects an underlying curriculum assigned to consistent standards. Instructional improvement was tailored to Charlotte Danielson's Framework for Teaching (which also underlies the District's

teacher evaluation instrument). The District's curriculum includes a Multicultural Framework for Student Academic Success. This multicultural curriculum uses the Anti-Bias Framework, developed by the Southern Poverty Law Center, and culturally responsive teaching as a basis for effective anti-bias education at every grade level. The curriculum, which is inclusive of the histories, cultures, and contributions of diverse groups of people, enriches learning for all students, preparing them to work toward structural equality and equity by engaging them in critical thinking around issues of racism, sexism, classism, linguicism, ageism, genderism, and more.

C. Technology:

During the 2019-20 school year, active projects that began in the 2018-19 school year were completed. Office 365 was adopted for instruction for the remaining 46 school campuses resulting in all 86 schools using Office 365 for student instruction. The family engagement event tracking system that had been piloted during the 2018-19 school year was deployed district-wide to all schools through a cooperative effort between the Family and Community Engagement and Technology Services departments. An initiative to transition from using the Bright Bytes Clarity system for Multi-Tiered System of Supports (MTSS) to the Edupoint Synergy MTSS module was successfully executed. This outcome achieved a long-standing district objective to provide teachers, administrators, and support staff the ability to capture student intervention and discipline data in one integrated platform, the Synergy Student Information System (SIS). Technology Services also implemented the Clever Single Sign-on (SSO) and rostering platform to standardize rostering and access for many of the District's instructional applications. This platform proved to be very important once the District had to transition to 100 percent remote instruction in the 4th quarter of the 2019-20 school year due to the COVID-19 pandemic. Technology Services served as part of a cross-functional team to execute a Request for Proposal (RFP) to identify and select a new online instruction platform. APEX Learning was selected in the spring of 2020 as a result. APEX Learning replaced Edgenuity as the District's online instruction platform. Finally, Zoom was implemented as the District's video conference solution for remote synchronous instruction. Office 365, APEX, Clever and Zoom all became critical components of the District's remote instruction framework for the 4th quarter of the 2019-20 school year. When all school campuses were closed due to COVID-19, the Technology Services team worked with staff across the district to inventory and distribute over 18,000 devices to students requiring a device to participate in remote instruction from their homes. This deployment included the purchase of 12,000 new Chromebook laptops for students. The District also worked with broadband Internet Service Providers (ISP) to ensure families in need of Internet access were able to obtain Internet service at a reduced price. Lessons learned from the remote instruction experience for the 4th quarter of 2019-20 were leveraged to ensure a better experience for families for the 2020-21 school year.

D. Content Management System

In SY2019-2020 the Communications team updated the District's website to a mobile-friendly responsive platform and an improved search function, making it easier to navigate and find critical information. Along with this, content on the Department web pages was updated to ensure current and accurate information is available. Also, each school website has been converted to a mobile-friendly responsive platform with common menus to help users readily locate information as part of our efforts to increase transparency and accessibility. Each school webmaster receives regular training opportunities to ensure their schools websites and social media are utilizing best practices and are ADA compliant.

E. Desegregation Order:

The District continues to operate under a Unitary Status Plan (USP) that serves as a guide to achieving Unitary Status as required by the court in 2013. The District had been under a federal desegregation order (Stipulation of Settlement) from 1978 until 2008, when it was declared unitary, removed from federal court supervision and

placed under a Post-Unitary Status Plan. The plaintiffs in the case appealed, won, and in 2011, the District was placed back under federal court supervision. The Unitary Status Plan (USP) contains 20 implementation plans in areas such as advanced learning opportunities, marketing and outreach, and professional development. The District looks forward to reaching Unitary Status in the near future based on its demonstrated commitment to integration, diversity, and equity.

As it stands, local taxes fund TUSD efforts to comply with desegregation orders and agreements with the U.S. Department of Justice Office of Civil Rights (OCR), under A.R.S. 15-910(G). Because some desegregation compliance activities overlap with OCR compliance activities, the USP has been developed in a way that attempts to harmonize those overlapping activities into a single document. Other OCR compliance activities continue to be funded and tracked separately.

F. General Fund Efficiency Measures:

The District utilizes a staffing and allocation standard to fund schools. The standards have been further refined to include standard and supplemental allocations from all funding sources. These new standards reallocated the available resources in a more equitable manner and focused on student achievement and improving the student learning experience at all schools.

Initiatives that are underway and are projected to either start or be completed during fiscal year 2019-20 are as follows:

- The District initiated an enrollment taskforce in 2018-2019 to address past trends of declining enrollment. The results of the taskforce included a completed districtwide implementation of online registration. Summer enrollment specialist positions were created and staffed at every elementary, middle and K-8 school to ensure that all 86 schools were accessible to parents and families throughout the summer. The continuous efforts of the enrollment taskforce positively impacted the student enrollment in the Fall of 2020. As a result, the 2019-2020 budget was increased by \$5.5 million due to better than anticipated enrollment. The District initially budgeted for a -2.8% enrollment decline and experienced a loss of less than 1%.
- The District continues to build upon its procurement card initiative into the 2019-2020 school year, which helped streamline complex operations and significantly reduced the cost and time of purchasing. The program has resulted in a cumulative total of more than \$5.5 million in rebate revenue to the District since inception. Proceeds from these funds are being allocated to the District's fine arts, athletics and other extracurricular programs that benefit students directly.
- The District implemented a policy to build into the FY20 budget a minimum carry forward contingency of .6% of total Maintenance and Operations and Capital funding. For 2019-2020, the total amount was \$2 million. The policy is intended to be increased annually as reviewed by the governing board. Despite unanticipated costs related to COVID-19, the District was able to increase carry forward reserves from \$883K in FY19 to \$14 million in FY20.
- The District addressed the Proposition 206 Minimum Wage requirement which increased the minimum hourly rate from \$11 per hour to \$12 per hour effective January 1, 2020.
- The District adopted a goal of increasing classroom spending as defined by the Arizona Auditor General's District Spending report to 53%. In 2018-2019, the District increased instructional spending by 2% which resulted in a 1-point increase from 50.1% in FY18 to 51.1% in FY19. The spending for FY20 spending is estimated to exceed 52%. The District also successfully reduced administrative costs to 9% which equaled an all-time low since 2008-2009.

G. Other Major Initiatives:

- The primary focuses across the District are proficiency and growth. Key initiatives will focus on:
 - Intervention, reading and math support during the day
 - A 7-period day was implemented at select schools to increase the effectiveness of Professional Learning Communities
 - Tier 1 highly effective teaching strategies
 - MTSS
 - Expansion of Two-Way Dual Language and AVID programs
 - School Safety and classroom management
 - Professional development during the workday
 - Principal support
 - Recruitment and retention of highly qualified teachers
 - K-3 literacy
 - Participation in CTE courses

AWARDS AND ACKNOWLEDGMENTS

Awards

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 of our kindergarten through 12th grade students. For SY 2019-20 the following recognitions have been awarded to our schools:

- John B. Wright Elementary School – A+ School of Excellence, AVID Showcase School
- Holladay Elementary School – Title 1 Exemplary School Award from ESSA
- Mansfeld Middle Magnet School – Magnet School of Excellence Merit Award, A+ School of Excellence
- Davis Bilingual Elementary Magnet School – Magnet School of America’s President’s Magnet School of Merit Award of Excellence, Top 20 Magnet School in the Nation
- Bonillas Traditional Magnet Elementary – Magnet Schools of America – School of Distinction Award
- Ida Dodge Magnet Middle School – Magnet Schools of America – School of Distinction Award
- Carrillo K-5 Magnet School – Magnet Schools of America – School of Excellence Award
- Tucson High Magnet School – Magnet Schools of America – School of Distinction Award
- 2019 Global Education Excellence Award
- Lawrence 3-8 School – Verizon Innovative Learning Grant
- Mansfeld Middle Magnet School – Verizon Innovative Learning Grant
- Pueblo Gardens PK-8 – Verizon Innovative Learning Grant
- 2019 Excellence in K-12 STEM Education and Diversity award
 - Margaret Gebert- 21st CCLC Coordinator
- Carrillo Magnet School – 2019 [Arizona Educational Foundation \(AEF\) A+ School of Excellence™ Award](#), Best Public School 2020 Readers Choice Award from AZ Daily Star.
- 2020 – Best Communities for Music Education from the National Association of Music Merchants (NAMM) Foundation for its outstanding commitment to music education. Acknowledged for the third consecutive year, TUSD is the only school district in Arizona to receive this recognition.
- Brichta Early Learning Center voted the Arizona Daily Star Best Preschool in Tucson

- 2020 Arizona School Public Relations Association Merit Award for Next Steps 2020 MultiCultural Outreach/Campaign
- 2020 Arizona School Public Relations Association Excellence Award for Graduation Video
- 2020 Arizona School Public Relations Association Excellence Award for Everyday Hero Video
- 2020 Arizona School Public Relations Association Merit Award for Stronger Than Ever Video
- Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting (COE), 2019
- Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting, 2019
- Hollinger K-8 School – Gricelda Meraz, Raytheon Leaders in Education Award Finalist
- TUSD Food Services Copper Award from AZ Department of Education Farm to Summer Challenge
- Utterback Middle School – AVID Site of Distinction for SY 2020-21
- Magee Middle School – Odyssey of the Mind – World Champion 1st place for Structure

Students and families are experiencing many positive impacts due to the focus and hard work within the District. Some of the “Big Wins” include:

- Tucson Unified received partial release from Court Ordered Unitary Status.
- Updated the Code of Conduct that is user and mobile friendly, while increasing classroom autonomy and control for teachers.
- Over the last 4 years, a 66% reduction in teacher vacancies has been achieved.
- School letter grades have increased 21% over last year.
- 74% of TUSD Schools are Grade A, B or C.
- AZ Merit
 - 10 schools that achieved a 5%+ growth in both ELA and Math.
 - 8 schools that showed a 10% or more growth in Math.
 - 6 schools that showed a 10% or more growth in ELA.
- All schools have installed Keyless entry systems with cameras.
- Establish Extended Day Learning Academy in all District High Schools to assist with student credit recovery.
- Expanded the Career and Technical Education (CTE) programs throughout the District.
- Conversion of Santa Rita High School to a CTE Academy focus with new Dental Assistant and Diesel Mechanics programs.
- Expansion of the Dual Enrollment program opportunities throughout the District, which has more than doubled the amount of Dual enrollment courses in 2 years from 16 to 41.
- Student support services are available during the day for drug and alcohol offenders.
- Expanded, “Talk It Out” Counseling Services program with the University of Arizona.

Over the past few years, Tucson Unified has developed numerous specialized programs to fit all levels of student needs. We are excited to see the programs grow and have a positive impact on how Tucson Unified is preparing students to be well-educated and successful members of the community. The program options that our students can choose from are:

Magnet – Specializing in STEAM/STEM and the Arts.

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, saving students thousands of dollars.

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.

Alternative (On-line learning) – Provides a TUITION-FREE* online education alternative for middle and high school students.

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 High School Partnership with Pima County JTED where students can receive their High School Diploma while taking career and technical education courses and receive certifications.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the 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



Renee Weatherless
Executive Director, Finance

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Tucson Unified School District No. 1

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
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for Excellence
in Financial
Reporting

Presented to

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

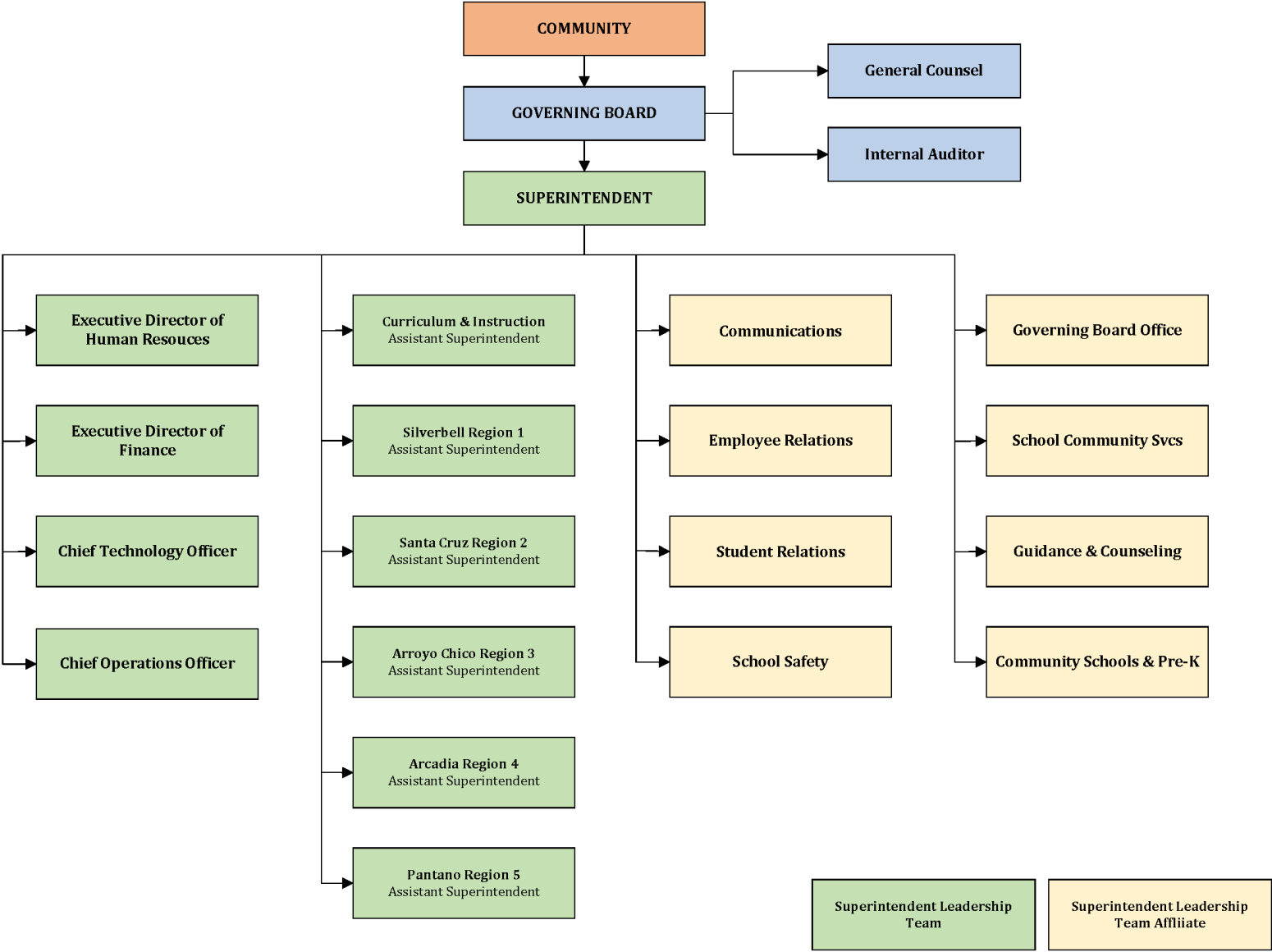
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

DISTRICT ORGANIZATIONAL CHART 2019-2020



TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL OFFICIALS

ELECTED OFFICIALS

BOARD OF EDUCATION

PRESIDENT

Kristel Ann Foster

CLERK

Leila Counts

MEMBERS

Bruce A. Burke

Adelita S. Grijalva

Rachael Sedgwick

APPOINTED OFFICIALS

SUPERINTENDENT

Gabriel Trujillo, Ed.D.

REGIONAL ASSISTANT SUPERINTENDENT – ARCADIA REGION

Ernest Rose

REGIONAL ASSISTANT SUPERINTENDENT – ARROYO CHICO REGION

Richard Sanchez

REGIONAL ASSISTANT SUPERINTENDENT – PANTANO REGION

Holly Leman Hammel

REGIONAL ASSISTANT SUPERINTENDENT – SANTA CRUZ REGION (INTERIM)

Mark Alvarez

REGIONAL ASSISTANT SUPERINTENDENT – SILVERBELL REGION

Brian Lambert

ASSISTANT SUPERINTENDENT – CURRICULUM AND INSTRUCTION

Flori Huitt

LEGAL COUNSEL

Robert S. Ross, Jr.

EXECUTIVE DIRECTOR OF FINANCIAL SERVICES

Renee Weatherless

DIRECTOR OF HUMAN RESOURCES

Renee Heusser

CHIEF OPERATIONS OFFICER

John Muir

CHIEF TECHNOLOGY OFFICER

Blaine Young

Financial



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INDEPENDENT AUDITORS' REPORT

Governing Board
Tucson Unified School District No. 1
Tucson, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tucson Unified School District No. 1 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 the District's internal control over financial reporting and compliance.

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CliftonLarsonAllen LLP

Tucson, Arizona
December 23, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

As management of the Tucson Unified School District No. 1 (the 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, 2020. 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 assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$201.5 million (net position)
- The District's total net position decreased by \$1.4 million. This decrease was a net result of bond obligations, pension liability and internal service operating loss.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$60.2 million, a decrease of \$45.1 million in comparison to the prior year. The decrease was substantially due to the Debt Service Fund balance decreasing due to the refunding bonds being placed in escrow at June 30, 2020. This caused a substantial increase in the matured principal payable amount.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$25.9 million, or 8.0% of total general fund expenditures.
- Net position for the Internal Service Funds decreased \$6.2 million from the prior fiscal year. Operating expenses of \$38.3 million exceeded operating revenues of \$31.5 million at the end of the current fiscal year.

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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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 noninstructional 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

For external financial reporting purposes, the District aggregates and maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Projects Fund, and Debt Service Fund, all of which are considered to be a major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Proprietary funds. The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its employee benefits self-insurance and worker's compensation self-insurance programs. As the District does not operate any business-type activities, and the internal service funds solely benefit the governmental functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single column on the proprietary fund statements. Additional detail of the internal service funds can be found in the combining statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus and are reported on the accrual basis of accounting.

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.

Required Supplementary Information Other than the MD&A. Governments have the option of presenting budgetary comparison schedules for the General Fund and major Special Revenue Funds as part of the basis financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Special Project Fund budgetary comparison schedules as RSI other than MD&A, which can be found on pages 69-73. Accounting standards also require the District reports schedules of its proportionate share net pension and other postemployment benefit (OPEB) liabilities (assets) and contributions for its cost-sharing pension and OPEB plans as RSI, which can be found immediately following the budgetary comparison schedules.

Government-Wide Financial Analysis As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$201.5 million at the current fiscal year-end.

By far 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
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The following table presents a summary of the District's net position for the fiscal years ended June 30:

	Net Position		
	Governmental Activities		
	2020	2019	Percent Change
Current and Other Assets	\$ 184,770,689	\$ 178,823,653	3.3 %
Capital Assets	618,769,291	634,562,794	(2.5)
Total Assets	803,539,980	813,386,447	(1.2)
Deferred Outflows of Resources	48,432,527	64,288,014	(24.7)
Current Liabilities	79,863,547	26,877,538	197.1
Noncurrent Liabilities	539,321,396	599,600,998	(10.1)
Total Liabilities	619,184,943	626,478,536	(1.2)
Deferred Inflows of Resources	31,309,733	48,364,932	(35.3)
Net Position (Deficit):			
Net Investment in Capital Assets	476,660,935	478,308,459	(0.3)
Restricted	41,374,730	41,215,782	0.4
Unrestricted	(316,557,834)	(316,693,248)	0.0
Total Net Position	\$ 201,477,831	\$ 202,830,993	(0.7)

At the end of the current fiscal year the District reported a negative unrestricted net position of \$316.6 million as a result of the District's net pension and OPEB liabilities. Positive net position was reported in the other two categories.

The District's financial position is the product of several financial transactions including the net result of activities, the 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:

- Depreciation expense in excess of additions, as well as the sale of capital assets, resulted in a net reduction in capital asset of \$15.8 million (net of accumulated depreciation).
- The net decrease in bonds payable of \$67.6 million due to the payment on outstanding bonds and \$48.5 million in general obligation refunding bonds recorded as current maturities payable awaiting settlement on July 1, 2020.
- An increase in net pension liability of \$8.2 million due to a change in actuarial assumptions.
- A net loss of \$4.9 million in Internal Service operating costs for self-insured health insurance.
- A revenue shortage of \$2.5 million related to desegregation funding.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

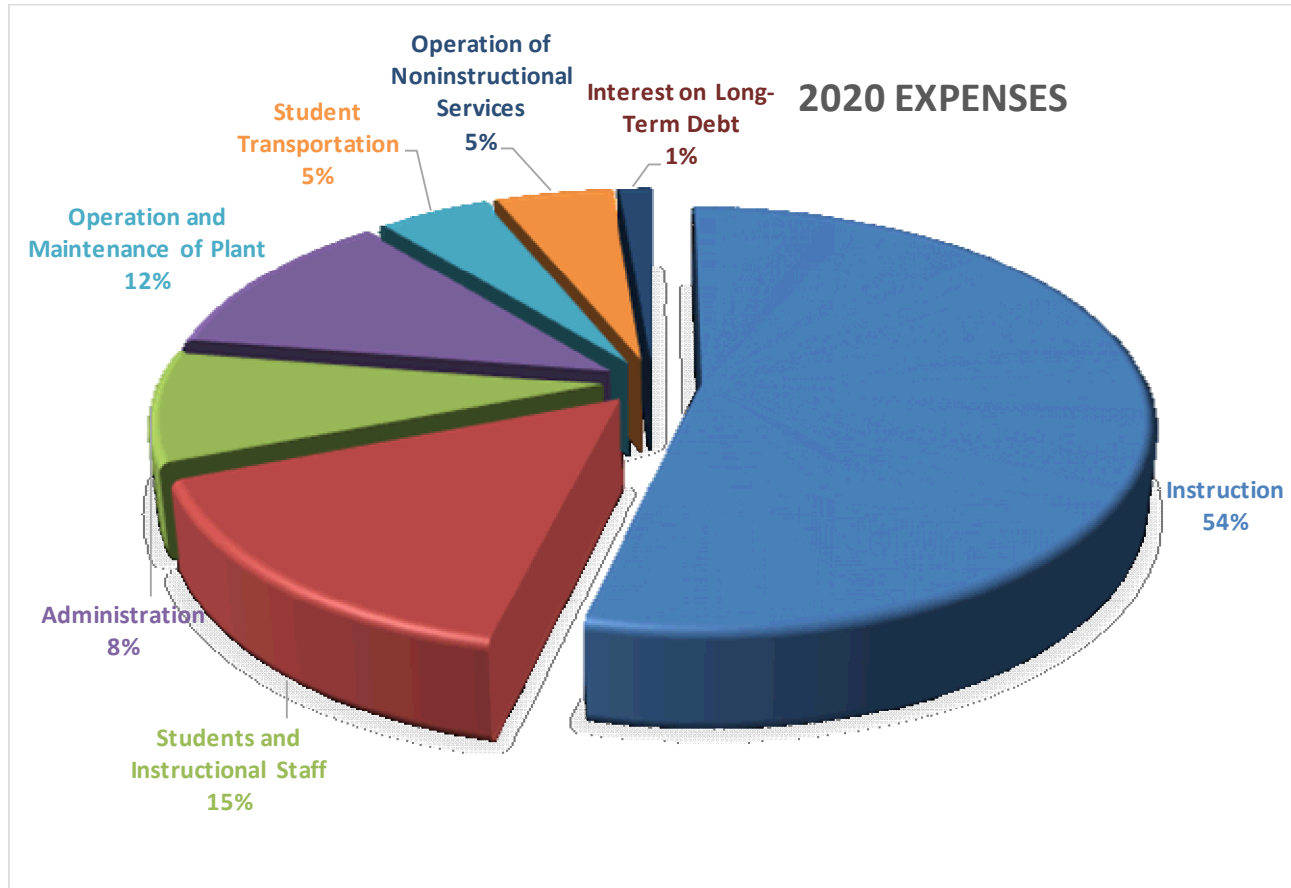
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. Overall, net position decreased \$1.4 million or 0.7%. Key elements of this increase are as follows:

Change in Net Position			
	Governmental Activities		
	2020	2019	Percent Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 14,349,039	\$ 17,077,502	(16.0)%
Operating Grants and Contributions	100,282,568	99,743,644	0.5
Capital Grants and Contributions	1,523,251	4,049,746	(62.4)
General Revenues:			
Property Taxes	185,984,409	180,826,698	2.9
Grants and Contributions Not Restricted to Specific Programs:			
Unrestricted State and County Aid	171,945,593	155,536,169	10.6
Federal Grants and Aid	4,605,900	4,867,479	(5.4)
Investment Earnings	2,523,367	4,013,361	(37.1)
Other	666,834	943,516	(29.3)
Gain on the Sale of Assets	61,408	302,331	(79.7)
Total Revenues	481,942,369	467,360,446	3.1
EXPENSES			
Instruction	259,941,068	234,491,292	10.9
Support Services:			
Students and Instructional Staff	73,940,845	69,279,661	6.7
Administration	40,814,157	39,072,525	4.5
Operation and Maintenance of Plant	55,813,248	49,976,936	11.7
Student Transportation	22,620,379	28,768,667	(21.4)
Operation of Noninstructional Services	23,647,029	22,126,862	6.9
Interest on Long-Term Debt	6,518,805	9,043,397	(27.9)
Total Expenses	483,295,531	452,759,340	6.7
Change in Net Position	(1,353,162)	14,601,106	(109.3)
Net Position - Beginning of Year	202,830,993	188,229,887	(0.7)
Net Position - End of Year	\$ 201,477,831	\$ 202,830,993	(0.7)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



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

- The increase of \$25.5 million in instructional expense and the increase of \$4.7 million in student and instructional staff are due to an increase in ASRS actuarial pension liability, purchases of textbooks and instructional aids, in addition to increased teacher and support staff salaries and benefits.
- The increase in administration costs of \$1.7 million was substantially due to an increase in ASRS actuarial pension liability.
- The decrease in capital grants and contributions of \$2.5 million in program revenues was due to the VW Settlement grant not being repeated in fiscal year 2020.
- The decrease in student transportation of \$6.1 million was due to a net of an increase in ASRS actuarial pension liability, bus purchases in fiscal year 2019 not repeated in the current year, and lower spending related to COVID-19 school closures in the fourth quarter.
- The decrease in investment earnings of \$1.5 million was due to decreased market returns.
- The decrease in charges for services of \$4.7 million was primarily due to COVID-19 school closures in the fourth quarter.
-

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- The increase in unrestricted state and county aid of \$16.4 million was due to the restoration of capital funding and increases in base support related to inflation and teacher salary increases.
- The decrease in operation and maintenance of plant of \$5.8 million was due to a net of an increase in ASRS actuarial pension liability and less spent on repair and maintenance during the current year.

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.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$60.2 million, a decrease of \$45.1 million in comparison to the prior year. Approximately 35.1% of this total amount (\$21.1 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, which reflects resources of the district that are not in spendable form, or restricted, which reflects resources of the District upon which external restrictions have been placed upon their use.

At fiscal year-end 2019-20, governmental fund balances were as follows:

<u>Fund</u>	<u>Balance</u>	<u>Increase (Decrease) From 2018-19</u>
General Fund	\$ 32,555,880	\$ 11,402,539
Special Projects Fund	(4,747,643)	(6,907,168)
Debt Service Fund	8,565,992	(52,970,051)
Nonmajor Governmental Funds	23,809,147	3,384,546

The General Fund increased \$11.4 million primarily due to COVID-19 expenditures funded from CARES Act grant funding within the Special Project Fund, lower spending due to fourth quarter school closures related to COVID-19, and increased carry forward contingency built into the fiscal year 2020 budget.

The decrease in the Special Projects Funds is largely due to the District expending resources due to COVID-19 and the related award notification and related revenue being recognized in fiscal year 2020-21.

The decrease in the Debt Service Fund is largely due to the District's general obligation refunding bonds coming payable on July 1, 2020. The related funds were placed in escrow as of June 30, 2020 and reported as matured bonds payable as of June 30, 2020.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Proprietary funds. During the current fiscal year, the District's contributions to the internal service funds were \$29.4 million to fund current year claims expense and administrative costs. Unrestricted net position of the internal service funds at the end of the fiscal year amounted to \$23.0 million. Net position decreased \$6.2 million from the prior fiscal year as the District's contributions for the current year declined from the prior year and existing resources in the fund were spent down.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student enrollment. The difference between the original budget and the final amended budget was a \$1.4 million increase, an increase of 0.4%.

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 \$6.0 million in instruction was the result of lower spending during the year than anticipated.
- The favorable variance of \$4.6 million in operations and maintenance of plant was a result of lower spending during the year than anticipated.
- The favorable variance of \$3.1 million in student transportation was primarily the result of school closures during the last quarter of the fiscal year due to COVID-19.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year-end, the District had invested \$0.6 billion (net of accumulated depreciation) in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net decrease after depreciation of \$15.8 million from the prior fiscal year, primarily due to depreciation expense for the year was \$24.1 million.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30:

Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 14,588,051	\$ 14,588,051
Construction in Progress	4,484,625	4,500,888
Land Improvements	32,460,657	33,980,772
Buildings and Building Improvements	542,027,357	556,020,306
Furniture, Equipment, and Vehicles	25,208,601	25,472,777
Total Capital Assets, Net	<u>\$ 618,769,291</u>	<u>\$ 634,562,794</u>

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At the end of the current fiscal year, the District had bonded debt outstanding of \$125.3 million. All this debt is back by the full faith and credit of the District.

	Governmental Activities	
	2020	2019
General Obligation Bonds	\$ 115,575,000	\$ 175,335,000
Premiums on Bonds	9,714,308	17,528,242
Total Outstanding Debt	<u>\$ 125,289,308</u>	<u>\$ 192,863,242</u>

The District's total bonded debt decreased by \$67.6 million, representing \$59.8 million in principal payments and \$7.8 million in premium amortization.

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% of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20% of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$1.1 billion and the Class B debt limit is \$668.0 million, 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 7 through 9.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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 2020-21 budget. Among them:

- Fiscal year 2020-21 budget balance carry forward from 0.6% to 1.0%.
- Projected student enrollment used to allocate resources to the sites (estimated 44,211 without Pre-K).
- Average Daily Membership estimated to decrease by 1.0%. Due to COVID-19, the District included an additional 1.0% enrollment contingency in the budget.
- The base level increased by \$157.24 or 3.7% for inflation and teacher compensation.
- District additional assistance state budget reduction previously averaging 31% was decreased to 15% which resulted in approximately \$3.3 million in increased capital revenues.

Also considered in the development of the budget is the impact of COVID-19. The CARES Act grants consisted of \$18.5 million for the Elementary and Secondary Schools Emergency Relief Grant (ESSER) and the Enrollment Stabilization Grant which originally intended to hold District harmless from COVID-19 related enrollment losses beyond 2%.

Budgeted expenditures in the General Fund increased 1.7% to \$331 million in fiscal year 2020-21.

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 Financial Services Department, Tucson Unified School District No. 1, 1010 East Tenth Street, Tucson, Arizona 85719.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and Investments	\$ 33,798,217
Restricted Assets	53,148,301
Receivables, Net	
Property Taxes	16,378,359
Accounts	3,152,354
Intergovernmental	74,776,414
Interest	38,868
Inventory	2,785,103
Net Other Postemployment Benefit Asset	693,073
Capital Assets:	
Non-Depreciable	19,072,676
Depreciable, Net	599,696,615
Total Assets	<u>803,539,980</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Debt Refunding	5,256,513
Related to Pensions	39,612,193
Related to Other Postemployment Benefits	3,563,821
Total Deferred Outflows of Resources	<u>48,432,527</u>
LIABILITIES	
Accounts Payable	10,378,473
Accrued Wages and Benefits	16,230,942
Accrued Interest	4,628,300
Intergovernmental Payable	105,832
Matured Principal Payable	48,520,000
Noncurrent Liabilities	
Claims Payable, Due Within One Year	1,375,693
Net Pension Liability, Due in More Than One Year	372,051,424
Net Other Postemployment Benefit Liability, Due in More Than One Year	1,641,147
Claims Payable, Due in More Than One Year	5,034,971
Due Within One Year	17,270,333
Due in More Than One Year	141,947,828
Total Liabilities	<u>619,184,943</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	29,501,892
Related to Other Postemployment Benefits	1,807,841
Total Deferred Inflows of Resources	<u>31,309,733</u>
NET POSITION (DEFICIT)	
Net Investment in Capital Assets	476,660,935
Restricted for:	
Instructional Purposes	3,153,842
Food Services	3,896,236
Capital Projects	9,441,011
Debt Service	11,893,986
Noninstructional Services	12,296,582
Other Postemployment Benefits	693,073
Unrestricted	(316,557,834)
Total Net Position	<u><u>\$ 201,477,831</u></u>

See accompanying Notes to Financial Statements.

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 259,941,068	\$ 8,029,659	\$ 58,638,100	\$ 1,523,251	\$ (191,750,058)
Support Services:					
Students	42,739,736	-	5,859,090	-	(36,880,646)
Instructional Staff	31,201,109	-	9,087,135	-	(22,113,974)
General Administration	3,861,523	-	32,348	-	(3,829,175)
School Administration	20,003,200	-	118,636	-	(19,884,564)
Business and Other Support Services	16,949,434	658,011	1,105,496	-	(15,185,927)
Operation and Maintenance of Plant	55,813,248	1,000,668	2,284,546	-	(52,528,034)
Student Transportation	22,620,379	581,264	1,670,056	-	(20,369,059)
Operation of Noninstructional Services	23,647,029	4,079,437	20,593,231	-	1,025,639
Interest on Long-Term Debt	6,518,805	-	893,930	-	(5,624,875)
Total	<u>\$ 483,295,531</u>	<u>\$ 14,349,039</u>	<u>\$ 100,282,568</u>	<u>\$ 1,523,251</u>	<u>(367,140,673)</u>
General Revenues:					
Property Taxes					185,984,409
Grants and Contributions Not Restricted to Specific Programs					
State and County Equalization and Additional State Aid					171,945,593
Federal Grants-in-Aid					4,605,900
Investment Earnings					2,523,367
Other					666,834
Gain on the Sale of Assets					61,408
Total General Revenues					<u>365,787,511</u>
Change in Net Position					(1,353,162)
Net Position - Beginning of Year					<u>202,830,993</u>
Net Position - End of Year					<u>\$ 201,477,831</u>

See accompanying Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Projects	Debt Service
ASSETS			
Cash and Investments	\$ -	\$ -	\$ 6,613,445
Restricted Assets	-	-	53,148,301
Receivables			
Accounts Receivable	279,101	-	-
Accrued Interest	-	-	38,868
Property Taxes	13,332,751	-	2,251,819
Intergovernmental	50,176,121	16,002,219	-
Inventories	1,268,988	-	-
Due from Other Funds	922,925	-	1,768,461
Total Assets	<u>\$ 65,979,886</u>	<u>\$ 16,002,219</u>	<u>\$ 63,820,894</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 6,170,779	\$ 821,237	\$ -
Accrued Wages and Benefits	15,450,410	547,483	-
Accrued Interest	-	-	4,628,300
Due to Other Funds	-	19,381,142	-
Intergovernmental Payable	105,832	-	-
Matured Principal Payable	-	-	48,520,000
Total Liabilities	<u>21,727,021</u>	<u>20,749,862</u>	<u>53,148,300</u>
Deferred Inflows of Resources			
Unavailable Revenue	<u>11,696,985</u>	<u>-</u>	<u>2,106,602</u>
Fund Balances			
Nonspendable	1,268,988	-	-
Restricted	5,406,127	-	8,565,992
Unassigned	25,880,765	(4,747,643)	-
Total Fund Balances	<u>32,555,880</u>	<u>(4,747,643)</u>	<u>8,565,992</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 65,979,886</u>	<u>\$ 16,002,219</u>	<u>\$ 63,820,894</u>

See accompanying Notes to Financial Statements.

Nonmajor	Totals
\$ -	\$ 6,613,445
-	53,148,301
624,709	903,810
-	38,868
793,789	16,378,359
8,598,074	74,776,414
1,516,115	2,785,103
19,161,533	21,852,919
<u>\$ 30,694,220</u>	<u>\$ 176,497,219</u>

\$ 3,386,458	\$ 10,378,474
233,049	16,230,942
-	4,628,300
2,471,777	21,852,919
-	105,832
-	48,520,000
<u>6,091,284</u>	<u>101,716,467</u>

<u>793,789</u>	<u>14,597,376</u>
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1,516,115	2,785,103
22,293,032	36,265,151
-	21,133,122
<u>23,809,147</u>	<u>60,183,376</u>

<u>\$ 30,694,220</u>	<u>\$ 176,497,219</u>
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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances for Governmental Funds	\$	60,183,376
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Total net position reported for governmental activities in the statement of net position is different because:

Property taxes not collected within 60 days subsequent to fiscal year-end are reported as deferred inflows of resources in the governmental funds.		14,597,376
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Governmental Capital Assets	\$ 1,077,658,829	
Less: Accumulated Depreciation	<u>(458,889,538)</u>	618,769,291

Deferred Inflows and Outflows reported on the statement of net position represent the acquisition and consumption of net position applicable to future periods and therefore are not reported in the funds.

Deferred Outflows of Resources	48,432,527	
Deferred Inflows of Resources	<u>(31,309,733)</u>	17,122,794

Internal service funds are used by management to charge the costs of insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		23,022,653
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Long-term liabilities that pertain to governmental funds, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

General Obligation Bonds	(115,575,000)	
Unamortized Premiums	(9,714,308)	
Capital Leases	(22,075,561)	
Net Pension Liability	(372,051,424)	
Compensated Absences Payable	(11,853,292)	
Net Other Postemployment Liability	<u>(948,074)</u>	<u>(532,217,659)</u>

Total Net Position of Governmental Activities	\$	<u><u>201,477,831</u></u>
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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Special Projects	Debt Service
Revenues			
Property Taxes	\$ 162,298,427	\$ -	\$ 17,359,733
Intergovernmental	167,947,187	55,160,821	-
Tuition	-	-	-
Food Service Sales	-	-	-
Charges for Services	2,132,579	-	-
Contributions and Donations	879,554	-	-
Investment Earnings	82,141	18	1,804,545
Miscellaneous	342,565	-	-
Total Revenues	<u>333,682,453</u>	<u>55,160,839</u>	<u>19,164,278</u>
Expenditures			
Current			
Instruction	159,305,389	35,599,245	-
Support Services			
Students	34,997,825	6,137,856	-
Instructional Staff	19,285,587	9,504,486	-
General Administration	4,312,800	5,332	-
School Administration	19,178,361	59,737	-
Business and Other Support Services	14,033,514	1,107,214	1,571
Operations and Maintenance of Plant	50,437,461	2,189,125	-
Student Transportation	18,291,449	1,578,961	-
Operation of Noninstructional Services	672,853	4,006,059	-
Debt Service			
Principal Retirement	-	-	59,760,000
Interest on Long-Term Debt	-	-	12,372,758
Capital Outlay	2,784,383	14,044	-
Total Expenditures	<u>323,299,622</u>	<u>60,202,059</u>	<u>72,134,329</u>
Excess (Deficiency) of Revenues Over Expenditures	10,382,831	(5,041,220)	(52,970,051)
Other Financing Sources (Uses)			
Transfers In	2,865,948	-	-
Transfers Out	(1,959,089)	(1,865,948)	-
Proceeds from Sale of Capital Assets	61,408	-	-
Total Other Financing Sources (Uses)	<u>968,267</u>	<u>(1,865,948)</u>	<u>-</u>
Net Change in Fund Balances	11,351,098	(6,907,168)	(52,970,051)
Fund Balances			
Beginning of Year	21,153,341	2,159,525	61,536,043
Increase (Decrease) in Nonspendable for Inventories	51,441	-	-
End of Year	<u>\$ 32,555,880</u>	<u>\$ (4,747,643)</u>	<u>\$ 8,565,992</u>

See accompanying Notes to Financial Statements.

Nonmajor	Totals
\$ 4,725,459	\$ 184,383,619
51,700,476	274,808,484
7,151,031	7,151,031
2,604,869	2,604,869
2,460,560	4,593,139
2,684,274	3,563,828
65,737	1,952,441
324,269	666,834
<u>71,716,675</u>	<u>479,724,245</u>
36,358,883	231,263,517
1,048,352	42,184,033
1,677,381	30,467,454
105,494	4,423,626
74,473	19,312,571
1,963,680	17,105,979
1,624,770	54,251,356
737,056	20,607,466
18,693,565	23,372,477
2,621,585	62,381,585
1,029,253	13,402,011
3,919,766	6,718,193
<u>69,854,258</u>	<u>525,490,268</u>
1,862,417	(45,766,023)
1,963,314	4,829,262
(1,004,225)	(4,829,262)
-	61,408
<u>959,089</u>	<u>61,408</u>
2,821,506	(45,704,615)
20,424,601	105,273,510
563,040	614,481
<u>\$ 23,809,147</u>	<u>\$ 60,183,376</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances-Total Governmental Funds \$ (45,704,615)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Further, governmental funds report proceeds from the sale of assets for the amount received, however, in the statement of activities, proceeds from sale of assets is net with the loss on disposal of those assets. This is the amount by which depreciation and losses on disposal exceeded capital outlay in the current period.

Expenditure for Capital Assets	\$ 8,259,371	
Net Book Value of Assets Disposed	2,714	
Depreciation Expense	<u>(24,055,588)</u>	(15,793,503)

The governmental funds report the issuance of bonds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Principal Payments on Long-Term Debt	59,760,000	
Principal Payments on Capital Leases	2,621,585	
Amortization of Premium	7,813,934	
Amortization of Deferred Amount on Refunding	<u>(930,728)</u>	69,264,791

Delinquent property taxes and grants and other receivables that will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures are reported as deferred inflows of resources in the governmental funds.

Property Taxes	1,600,790
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows or resources related to pensions, and the investment experience.

Pension and OPEB Contributions	\$ 32,319,570	
Pension and OPEB Expense	<u>(38,896,110)</u>	\$ (6,576,540)

(Continued)

(Concluded)

Internal service funds are used by management to charge the costs of insurance services to individual funds. The changes in net position of the internal service funds is reported with governmental activities in the statement of activities.

(6,195,804)

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

Change in Compensated Absences

1,437,238

Change in Inventory Balances

614,481

2,051,719

Change in Net Position of Governmental Activities

\$ (1,353,162)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash and Investments	\$ 27,184,772
Other Receivable	2,248,545
Total Assets	<u>29,433,317</u>
LIABILITIES	
Current Liabilities	
Claims Payable	<u>1,375,693</u>
Noncurrent Liabilities	
Claims Payable	<u>5,034,971</u>
Total Liabilities	<u>6,410,664</u>
NET POSITION	
Unrestricted	23,022,653
Total Net Position	<u>\$ 23,022,653</u>

See accompanying Notes to Financial Statements.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Contributions	\$ 29,377,552
Miscellaneous	2,138,282
Total Operating Revenue	<u>31,515,834</u>
OPERATING EXPENSES	
Claims	30,008,882
Premiums	5,405,709
Administrative Fees	2,508,681
Other	359,292
Total Operating Expenses	<u>38,282,564</u>
Operating Loss	(6,766,730)
NONOPERATING REVENUES	
Investment Earnings	570,926
Change in Net Position	<u>(6,195,804)</u>
Total Net Position - Beginning of Year	<u>29,218,457</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 23,022,653</u></u>

See accompanying Notes to Financial Statements.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 28,821,681
Cash Received from Other Sources	2,138,282
Payments to Suppliers	(2,703,002)
Payments to Employees	(164,971)
Payments for Claims and Premiums	(32,537,129)
Net Cash Used by Operating Activities	<u>(4,445,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	570,926
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,874,213)
Cash and Cash Equivalents at Beginning of the Year	<u>31,058,985</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>\$ 27,184,772</u></u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (6,766,730)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Effect of Changes in Assets/Liabilities:	
Other Receivable	(555,871)
Claims Payable	2,877,462
Net Cash Used by Operating Activities	<u><u>\$ (4,445,139)</u></u>

See accompanying Notes to Financial Statements.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency</u>
Assets	
Current Assets	
Cash and Investments	<u>\$ 7,174,426</u>
Liabilities	
Current Liabilities	
Due to Student Groups	\$ 1,973,125
Deposits Held for Others	<u>5,201,301</u>
Total Liabilities	<u>\$ 7,174,426</u>

See accompanying Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tucson Unified School District No. 1 (the 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.

The significant District accounting policies are described below:

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 expenses/expenditures.

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 Governing 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. 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. The District is not included in any other governmental reporting entity. The accompanying financial statements present the District's component units, entities for which the District is considered financially accountable. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The District's major operations include education, student transportation, construction, and maintenance of District facilities, food services, and athletic functions.

Blended Component Unit – 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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' 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 Employee Benefit and Workers' Compensation Trusts are not prepared.

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. 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.

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 75 days of the end of the current fiscal period, or within 60 days for property tax revenues. 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.

Property taxes, federal, state and county 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.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major funds are presented in a separate column. Nonmajor 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. Fiduciary funds are reported by fund type.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 operations except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Special Projects Fund – The Special Projects Fund accounts for the revenues and expenditures of state and federally funded grants and projects received by the District.

Debt Service Fund – The Debt Service Fund accounts for resources accumulated and used for the payment of long-term debt principal, interest, and related costs.

Additionally, the District reports the following fund types:

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

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. This fund type includes the Student Activities Fund which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds.

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 fund are contributions to finance the District’s self-insurance programs for employee benefits and workers’ compensation. Operating expenses for the internal service fund includes the cost of the employees’ benefit claims and the workers’ compensation claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The agency funds are custodial in nature and do not have a measurement focus. They are reported on the accrual basis of accounting.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, certificates of deposit, and cash and investments held by the County Treasurer.

A.R.S. requires 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 Fund 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. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Debt Service Fund 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. Statute requires collateral for deposits of Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101% of all deposits not covered by federal depository insurance.

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% of the public deposits, less any applicable deposit 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.

Certain resources set aside for future purchases related to capital improvement projects and those resources received from the issuance of bonds for the purpose of refinancing existing bonds are classified as cash and investments – restricted on the statements of net position and balance sheet because their use is limited by bond trust agreements and a capital lease financing agreement. Trust accounts, recorded in the Unrestricted Capital Outlay Fund and Debt Service Fund, are used to segregate the restricted cash.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Income

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

Property Tax Receivable

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.

Intergovernmental Receivables

Intergovernmental receivables account for federal and state grants earned, but not received at year-end and include federal grants-in-aid (\$15,095,003), state building renewal grants (\$1,891,845), state equalization and other state assistance (\$54,729,289), and other miscellaneous receivables (\$3,060,277).

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

Short-Term Interfund Receivables/Payables

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventories of the General Fund are valued at cost using the average cost method. Food service inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed in the government-wide financial statements. Inventories are recorded as expenditures when purchased in the fund financial statements.

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.

Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, 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 following estimated useful lives:

Land Improvements	20 to 25 Years
Buildings and Improvements	15 to 80 Years
Vehicles, Furniture, and Equipment	3 to 25 Years

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

The District recognizes the consumption of net position that is applicable to a future period as deferred outflows of resources. Reported amounts in the government-wide financial statements reflect amounts for the amortization of the accounting loss on refunding of bonds, and changes in the actuarial valuations of the District's pension and OPEB liabilities and contributions made to the plans after the measurement date.

Compensated Absences

The District's employee and sick leave policies generally provide for granting vacation and sick leave with pay. The amount and type of leave earned is based on the employee's bargaining unit classification and agreement. Upon separation from the District, an employee is reimbursed at varying rates and amounts based on employee's bargaining unit classification and agreement. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on 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. Generally, resources from the General Fund are used to pay for compensated absences.

Pension and OPEB

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

Long-Term Obligations

In the government-wide financial statements, 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

The District recognizes the acquisition of net position that is applicable to a future period as deferred inflows of resources. Reported amounts in the government-wide financial statements represent changes in the District's pension and OPEB liabilities.

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2020 or within 60 days of fiscal year-end. The deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

Interfund Activity

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

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

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, 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 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications (Continued)

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.

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

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

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

	General Fund	Special Projects Funds	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 1,268,988	\$ -	\$ -	\$ 1,516,115	\$ 2,785,103
Restricted:					
Voter Approved Initiatives:					
Instructional Purposes	-	-	-	3,153,842	3,153,842
Debt Service	-	-	8,565,992	1,221,392	9,787,384
Federal and State Projects	-	-	-	-	-
Food Services	-	-	-	2,380,121	2,380,121
Capital Projects	5,406,127	-	-	3,241,095	8,647,222
Enabling Legislation:					
Noninstructional Services	-	-	-	12,296,582	12,296,582
Total Restricted	5,406,127	-	8,565,992	22,293,032	36,265,151
Unassigned	25,880,765	(4,747,643)	-	-	21,133,122
Total Fund Balance	\$ 32,555,880	\$ (4,747,643)	\$ 8,565,992	\$ 23,809,147	\$ 60,183,376

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures. The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end. An annual budget of revenue from all sources is not prepared.

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

Excess Expenditures Over Budget

At fiscal year-end, the District exceeded its budget in the following funds and functions:

Major Governmental Funds	
Debt Service Fund	54,248,171
Nonmajor Governmental Funds	
Instructional Improvement Fund	104,940

The exceeding of individual budget functions (in the general fund) and the exceeding of budget in other funds does not constitute a violation of any legal provision. The District had sufficient resources to cover the overages noted.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits and Investments at June 30, 2020 consisted of the following:

Deposits	
Cash on Hand	\$ 20,000
Cash in Bank	17,310,839
Cash with Trustee	1,037,170
Investments	
Cash on Deposit with County Treasurer	852,445
State Treasurer's Investment Pool	558,114
Employee Benefits Trust Investments	12,487,933
Worker's Compensation Trust Investments	2,775,069
Investments Held with Trustee	59,079,374
Total Deposits and Investments	<u>94,120,944</u>
Less: Restricted Assets	(53,148,301)
Less: Fiduciary Funds	<u>(7,174,426)</u>
Total Cash and Investments	<u>\$ 33,798,217</u>

Custodial Credit Risk -- 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 \$18,348,009 and the bank balance was \$20,087,149, which includes \$1,037,170 held with the trustee. At year-end, all of the District's deposits were insured or covered by collateral held by the pledging financial institution in the District's name.

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the District policy and state statutes, the District limits its investments to obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, obligations of the State of Arizona (or any political subdivision thereof), the State Treasurer's Local Government Investment Pool, commercial paper of prime quality, or bonds and notes of corporations organized and doing business within the United States of America that are of a high rating. Investments are stated at fair value.

Fair Value Measurements. The District uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures.

The District follows accounting principles generally accepted in the United States of America that define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

In accordance with these requirements, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs the inputs used to measure the financial instruments falls within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data using matrix pricing models.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

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 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 participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The District's investments at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Observable Inputs (Level III)
	June 30, 2020			
Investments by Fair Value Level				
Debt Securities				
Corporate Bond Issues	\$ 7,480,252	\$ -	\$ 7,480,252	\$ -
Government Agency Notes	5,931,073	-	5,931,073	-
US Treasury Obligations	53,148,301	-	53,148,301	-
Total Debt Securities	66,559,626	-	66,559,626	-
Total Investments by Fair Value Level	66,559,626	<u>\$ -</u>	<u>\$ 66,559,626</u>	<u>\$ -</u>
External Investments Pools				
Measured at Fair Value				
County Treasurer's Investment Pool	852,445			
State Treasurer's Investment Pool	558,114			
Total Investments Measured at Fair Value	1,410,559			
Investments at Amortized Cost				
Money Market	7,782,750			
Total Investments at Amortized Cost	7,782,750			
Total Investments	<u>\$ 75,752,935</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, however, this risk can be reduced through diversification of the duration of fixed-income investments that are held at a given time.

A schedule of the District's investment maturities is as follows:

Investment	Maturity			Total
	Less than 1 Year	1-3 Years	More than 3 Years	
Money Market	\$ 7,782,750	\$ -	\$ -	\$ 7,782,750
Corporate Bonds	3,240,284	4,239,968	-	7,480,252
Government Agency Notes	5,931,073	-	-	5,931,073
US Treasury Obligations	53,148,301	-	-	53,148,301
County Treasurer's Investment Pool	852,445	-	-	852,445
State Treasurer's Investment Pool	558,114	-	-	558,114
Total	\$ 71,512,967	\$ 4,239,968	\$ -	\$ 75,752,935

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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 and State Treasurers' investment pools did not receive a credit quality rating from a national rating agency. The State Treasurer's investment pool 7 had a weighted average rating of AAA at year-end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government. Government Agencies Investments had a weighted average rating of AA+ by Standard and Poors (S&P) and Corporate Bonds have a weighted average rating of AA- by S&P.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. At year-end, the District did not hold investments in any one issuer that represented 5% or more of the District's total investments.

NOTE 4 RESTRICTED ASSETS

Restricted assets at June 30, 2020 consisted of the following:

	Debt Service Fund
Advance Refunding Bond Proceeds	<u>\$ 53,148,301</u>

NOTE 5 RECEIVABLES

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements, property taxes are recognized as revenues in the fiscal year levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end are reported as unavailable revenues. Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent Property Taxes Receivable	
General Fund	\$ 11,696,985
Debt Service Fund	2,106,602
Nonmajor Governmental Funds	793,789
	<u>\$ 14,597,376</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 14,588,051	\$ -	\$ -	\$ 14,588,051
Construction in Progress	4,500,888	7,029,708	(7,045,971)	4,484,625
Total Capital Assets, Not Being Depreciated	19,088,939	7,029,708	(7,045,971)	19,072,676
Capital Assets, Being Depreciated:				
Land Improvements	75,987,354	1,005,962	-	76,993,316
Buildings and Improvements	898,669,731	4,973,852	(27,086)	903,616,497
Furniture, Equipment, and Vehicles	75,757,373	2,295,820	(76,853)	77,976,340
Total Capital Assets, Being Depreciated	1,050,414,458	8,275,634	(103,939)	1,058,586,153
Accumulated Depreciation for:				
Land Improvements	(42,006,582)	(2,526,077)	-	(44,532,659)
Buildings and Improvements	(342,649,425)	(18,958,621)	18,906	(361,589,140)
Furniture, Equipment, and Vehicles	(50,284,596)	(2,570,890)	87,747	(52,767,739)
Total Accumulated Depreciation	(434,940,603)	(24,055,588)	106,653	(458,889,538)
Total Capital Assets, Being Depreciated, Net	615,473,855	(15,779,954)	2,714	599,696,615
Governmental Activities Capital Assets, Net	\$ 634,562,794	\$ (8,750,246)	\$ (7,043,257)	\$ 618,769,291

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 20,944,085
Support Services:	
Students	76,479
Instructional Staff	89,363
General Administration	240,676
School Administration	4,611
Business and Other Support Services	287,790
Operations and Maintenance of Plant	330,476
Student Transportation	1,922,168
Operation of Noninstructional Services	159,940
Total Depreciation Expense	<u>\$ 24,055,588</u>

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

Project	Governmental Activities	
	Spent-to-Date	Estimated Remaining
Palo Verde High - Water Pipe Replacement	\$ 909,061	\$ 142,560
Boiler and Chiller Replacement	15,958	617,079
Totals	<u>\$ 925,019</u>	<u>\$ 759,639</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OBLIGATIONS UNDER LEASES

Capital Leases

The District has acquired building improvements, vehicles, and equipment under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund, a nonmajor governmental fund, and the Food Service Fund, a nonmajor governmental fund, will be used to pay the capital lease obligations for the vehicles and equipment. Revenue from the General Fund, as well as the federal interest subsidy received to fund the interest payments, are transferred to the Energy and Water Savings Fund, a nonmajor governmental fund, to pay the capital lease obligations on the energy efficiency equipment and building upgrades. Amortization of assets recorded under capital leases is included in depreciation expense.

Assets acquired through capital leases that meet the District's definition of capital assets are as follows:

	<u>Governmental Activities</u>
Asset:	
Buildings and Improvements	\$ 29,466,812
Vehicles and Equipment	3,715,636
Less:	
Accumulated Depreciation	(12,315,764)
Total	<u>\$ 20,866,684</u>

The future minimum lease obligations, and the net present value of these minimum lease payments.

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2021	\$ 3,561,512
2022	3,561,512
2023	2,899,118
2024	2,805,398
2025	2,774,158
2026-29	11,096,639
Total Minimum Lease Payments	26,698,337
Less: Amount Representing Interest	(4,622,776)
Present Value of Minimum Lease Amounts	<u>\$ 22,075,561</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OBLIGATIONS UNDER LEASES (CONTINUED)

Operating Leases

The District leases equipment and a data center under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$579,305 for the current fiscal year. The operating leases have remaining noncancelable lease terms from one to three years and provide renewal options.

<u>Year Ended June 30,</u>	Governmental Activities
2021	\$ 22,108
2022	22,108
2023	22,108
Total Minimum Lease Payments	<u>\$ 66,324</u>

NOTE 8 GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year-end, consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund, a nonmajor governmental fund, are used to pay the bonded debt.

Purpose	Original Amount Issued	Interest Rates (%)	Maturity Dates	Amount Outstanding
Governmental Activities:				
School Improvement Bonds, Series 2010	\$ 67,230,000	4.00-5.00%	7/1/19-30	\$ 52,050,000
Refunding Bonds, Series 2010	45,725,000	4.62-6.312%	7/1/19-22	125,000
Refunding Bonds, Series 2011 (Nontaxable)	28,115,000	4.00-5.00%	7/1/19-24	10,940,000
Refunding Bonds, Series 2016	63,000,000	4.00-5.00%	7/1/19-27	52,460,000
Total				<u>\$ 115,575,000</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 GENERAL OBLIGATION BONDS PAYABLE (CONTINUED)

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 11,915,000	\$ 6,127,735
2022	12,700,000	5,527,694
2023	13,395,000	4,853,088
2024	11,915,000	4,141,431
2025	15,320,000	3,512,115
2025-2030	50,330,000	6,836,488
Totals	<u>\$ 115,575,000</u>	<u>\$ 30,998,551</u>

On December 28, 2017, the District issued \$48.5 million in general obligation refunding bonds. The refunding was concluded on July 1, 2020 using the amounts in escrow. As of June 30, 2020, \$48,520,000 is recorded as current maturities payable awaiting settlement.

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end \$33.6 million of defeased bonds are still outstanding.

Legal Debt Margin

The legal debt margin of the District at June 30, 2020 is as follows:

Net Full Cash Assessed Value \$ 3,875,260,059

Legal Debt Margin:

General Obligation Bonds

Debt Limitation - 30% of Assessed Value 1,162,578,018

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$ 115,575,000
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(8,565,992)</u>

Total Amount of Debt Applicable to Debt Limit 107,009,008

Legal Debt Margin \$ 1,055,569,010

Class B General Obligation Bonds

Debt Limitation - the greater of 20% of the net full cash assessed valuation or \$1,500 per student (ADM)

20% of secondary net assessed valuation	\$ 775,052,011
\$1,500 per student (ADM) (\$1,500 * 42,060)	63,090,000

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$ 115,575,000
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(8,565,992)</u>

Total Amount of Debt Applicable to Debt Limit 107,009,008

Legal Debt Margin \$ 668,043,003

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 CHANGES IN LONG-TERM LIABILITIES

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

	Beginning of Year	Increases	Decreases	End of Year	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 175,335,000	\$ -	\$ (59,760,000)	\$ 115,575,000	\$ 11,915,000
Premium	17,528,242	-	(7,813,934)	9,714,308	-
Total Bonds Payable	192,863,242	-	(67,573,934)	125,289,308	11,915,000
Other Liabilities:					
Capital Lease Obligations	24,697,146	-	(2,621,585)	22,075,561	2,634,825
Compensated Absences	13,290,530	4,855,973	(6,293,211)	11,853,292	2,720,508
Total Other Liabilities	37,987,676	4,855,973	(8,914,796)	33,928,853	5,355,333
Total Debt	<u>\$ 230,850,918</u>	<u>\$ 4,855,973</u>	<u>\$ (76,488,730)</u>	<u>\$ 159,218,161</u>	<u>\$ 17,270,333</u>

NOTE 10 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year-end, interfund balances were as follows:

Due to/from other funds – Due to/from other funds, representing short-term interfund borrowing, consisted of the following at June 30, 2020:

Due To	Due From			Total
	General Fund	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 677	\$ 922,248	\$ 922,925
Debt Service Fund	-	218,932	1,549,529	1,768,461
Nonmajor Governmental Funds	-	19,161,533	-	19,161,533
Total	<u>\$ -</u>	<u>\$ 19,381,142</u>	<u>\$ 2,471,777</u>	<u>\$ 21,852,919</u>

All interfund balances are expected to be paid within one year.

Interfund transfers:

Transfer In	Transfer Out			Total
	General Fund	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 1,865,948	\$ 1,000,000	\$ 2,865,948
Nonmajor Governmental Funds	1,959,089	-	4,225	1,963,314
Total	<u>\$ 1,959,089</u>	<u>\$ 1,865,948</u>	<u>\$ 1,004,225</u>	<u>\$ 4,829,262</u>

Transfers between funds were used (1) to move federal grant funds restricted for indirect costs, and (2) to move utility savings to the Energy and Water Savings Fund for lease payments.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 COMMITMENTS AND CONTINGENCIES

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.

Lawsuits

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Intergovernmental Agreement

The District and Pima County (County) are involved in litigation with the State of Arizona related to state aid not paid to the District. In May 2020, the District entered into an Intergovernmental Agreement (IGA) with the County for the investment of County funds in District warrants registered for properly budgeted expenses. The IGA extends County funds to the District should the District experience cash shortfalls as a result of the loss of the state aid. As of June 30, 2020, the District has not utilized the IGA to cover cash shortfalls.

NOTE 12 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 established an Employee Benefit Trust (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 did not exceed this coverage in the past three fiscal years.

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 quarterly 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 RISK MANAGEMENT (CONTINUED)

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:

	Employee Benefits		Workers' Compensation	
	2020	2019	2020	2019
Unpaid Claims and Claim Adjustment Expenses at Beginning of the Fiscal Year	\$ 2,329,354	\$ 2,152,822	\$ 1,203,848	\$ 2,717,699
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	32,719,477	30,458,084	2,695,114	816,355
Total Incurred Claims and Claim Adjustment Expenses	35,048,831	32,610,906	3,898,962	3,534,054
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	30,701,184	30,281,552	1,835,945	2,330,206
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year	<u>\$ 4,347,647</u>	<u>\$ 2,329,354</u>	<u>\$ 2,063,017</u>	<u>\$ 1,203,848</u>

The District joined the Arizona School Risk Retention Trust, Inc. (ASRRT) for claims in excess of the stated amounts. 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 retains the risk of loss for general property claims up to \$100,000 and carries commercial insurance for claims in excess of \$100,000. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The District continued to carry commercial insurance for employee dental, life, and vision insurance and property insurance. 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, 2020

NOTE 13 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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.

Benefits Provided

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

	Before July 1, 2011	On or After July 1, 2011
Years of Service 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 Consecutive Months of Last 120 Months	Highest 60 Consecutive Months of Last 120 Months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

* With Actuarially Reduced Benefits

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided (Continued)

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

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

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11% (11.94% for retirement and 0.17% for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.11% (11.45% for retirement, 0.49% for health insurance premium benefit, and 0.17% for long-term disability) of the active members' annual covered payroll.

In addition, the District was required by statute to contribute at the actuarially determined rate of 10.41% (10.29% for retirement, 0.05% for health insurance premium benefit, and 0.07% for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020, were \$30,558,140, \$1,307,728, and \$453,702, respectively. The contributions were paid 78% from the General Fund and 22% from other funds.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Liability

At June 30, 2020, the District reported the following asset and liabilities for its proportionate share of the ASRS; net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	\$ 372,051,424
Health Insurance Premium Benefit	(693,073)
Long-Term Disability	1,641,147

The net asset and net liabilities were measured as of June 30, 2019. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The total pension liability as of June 30, 2019 reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019, and the change from its proportions measured as of June 30, 2018 were:

	Proportion June 30, 2020	Increase (Decrease) from June 30, 2019
Pension	2.55685%	(0.00052)
Health Insurance Premium Benefit	2.50792%	(0.00059)
Long-term Disability	2.51924%	(0.00089)

The net asset and net liabilities measured as of June 30, 2019, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2017. The change in the District's net asset and net liabilities as a result of these changes is not known.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Expense

For the year ended June 30, 2020, the District recognized the following pension and OPEB expense.

	<u>Pension/OPEB Expense</u>
Pension	<u>\$ 37,502,798</u>
Health Insurance Premium Benefit	\$ 868,044
Long-Term Disability	<u>525,268</u>
Total OPEB	<u>\$ 1,393,312</u>

Deferred Outflows/Inflows of Resources

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 6,721,207	\$ 69,949
Changes of Assumptions or Other Inputs	1,572,673	14,815,817
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	8,362,431
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	760,173	6,253,695
Contributions Subsequent to the Measurement Date	<u>30,558,140</u>	<u>-</u>
Total	<u>\$ 39,612,193</u>	<u>\$ 29,501,892</u>

	<u>Health Insurance Premium Benefit</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 828,487
Changes of Assumptions or Other Inputs	1,362,986	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	901,298
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	4,276
Contributions Subsequent to the Measurement Date	<u>1,307,728</u>	<u>-</u>
Total	<u>\$ 2,670,714</u>	<u>\$ 1,734,061</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

	<u>Long-term Disability</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 193,894	\$ -
Changes of Assumptions or Other Inputs	245,511	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	35,007
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	38,773
Contributions Subsequent to the Measurement Date	453,702	-
Total	<u>\$ 893,107</u>	<u>\$ 73,780</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension and OPEB liabilities in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2021	\$ (8,756,677)	\$ (301,134)	\$ 34,321
2022	(12,324,908)	(301,134)	34,320
2023	(1,605,941)	83,225	68,470
2024	2,239,687	167,624	74,732
2025	-	(19,656)	61,713
Thereafter	-	-	92,069

Actuarial Assumptions

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

Actuarial Valuation Date	June 30, 2018
Actuarial Roll Forward Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.5%
Projected Salary Increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent Benefit Increase	Included for pensions/not applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery Rates	2012 GLDT for long-term disability
Healthcare Cost Trend Rate	Not applicable

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2016.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on ASRS plan investments was determined to be 5.07% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

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

Asset Class	Target Asset Allocation Effective July 1, 2018	Real Return Geometric Basis	Long-Term Contribution to Expected Real Return
Equity	50 %	6.09 %	3.05%
Credit	20	5.36	1.07%
Interest Rate Sensitive Bonds	10	1.62	0.16%
Real Estate	20	5.85	1.17%
Total	100 %		5.45%

Discount Rate

The discount rate used to measure the ASRS total pension/OPEB liability was 7.5%, which consists of the long-term expected rate of return of 5.07% plus inflation. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the Proportionate Share of the Net Pension/OPEB Liability (Asset) to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the			
Net Pension Liability	\$ 529,515,354	\$ 372,051,424	\$ 240,452,104
Net Insurance Premium Benefit Asset	3,510,744	(693,073)	(4,274,935)
Net Long-term Disability Liability	1,816,299	1,641,147	1,471,304

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Fiduciary Net Position

Detailed information about the plans' 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 14 SUBSEQUENT EVENTS

We have evaluated subsequent events through December 23, 2020, the date the financial statements were available to be issued.

Subsequent to year-end, the District received \$15,295,515 from the Arizona Governor's Office as part of a statewide \$441 million coronavirus relief and recovery plan for local governments. The governor's plan allocated funding to local entities that did not receive direct funding from the U.S. Treasury as part of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Allocations from the governor came from the state's CARES appropriation from the federal government and were based on 2019 census data.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ -	\$ -	\$ 162,298,427	\$ 162,298,427
Intergovernmental	-	-	163,341,287	163,341,287
Tuition	-	-	-	-
Investment Earnings (Loss)	-	-	(47,215)	(47,215)
Miscellaneous	-	-	183,253	183,253
Total Revenues	-	-	325,775,752	325,775,752
Expenditures				
Regular Education				
Instruction	90,850,744	90,238,508	85,987,649	4,250,859
Support Services				
Students	14,721,119	15,063,770	15,645,775	(582,005)
Instructional Staff	5,703,475	5,982,002	6,839,748	(857,746)
General Administration	2,283,714	2,209,353	2,053,727	155,626
School Administration	18,320,058	18,560,184	18,846,882	(286,698)
Central Services	8,197,224	8,472,739	7,680,606	792,133
Operations and Maintenance of Plant	52,181,265	52,233,616	47,683,746	4,549,870
Operation of Noninstructional Services	159,595	91,405	525,686	(434,281)
School-Sponsored Cocurricular Activities	422,539	422,924	385,218	37,706
School-Sponsored Athletics	2,221,400	2,497,259	2,533,923	(36,664)
Total Regular Education	195,061,133	195,771,760	188,182,960	7,588,800
Special Education				
Instruction	38,712,994	39,145,388	37,387,442	1,757,946
Support Services - Students	13,369,101	13,428,837	12,310,245	1,118,592
Support Services - Instructional Staff	2,044,753	2,052,610	1,739,159	313,451
Support Services - General Administration	167,258	3,605	106	3,499
Support Services - School Administration	73,702	167,306	196,895	(29,589)
Support Services - Business	-	67,663	109,033	(41,370)
Operations and Maintenance of Plant	119,016	118,478	95,485	22,993
Total Special Education	54,486,824	54,983,887	51,838,365	3,145,522
Pupil Transportation	12,436,158	12,587,038	9,453,490	3,133,548
Desegregation	61,036,088	61,125,103	61,113,024	12,079
Dropout Prevention	767,410	767,410	767,411	(1)
K-3 Reading Program	300,200	279,154	148,010	131,144
Total Expenditures	324,087,813	325,514,352	311,503,260	14,011,092
Excess (Deficiency) of Revenues Over Expenditures	(324,087,813)	(325,514,352)	14,272,492	339,786,844
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,963,314)	(1,963,314)
Total Other Financing Sources (Uses)	-	-	(1,963,314)	(1,963,314)
Net Change in Fund Balance	(324,087,813)	(325,514,352)	12,309,178	337,823,530
Fund Balance				
Beginning of Year	-	-	722,317	722,317
Decrease in Nonspendable for Inventories	-	-	51,441	51,441
End of Year	\$ (324,087,813)	\$ (325,514,352)	\$ 13,082,936	\$ 338,597,288

See accompanying Notes to Required Supplementary Information Other Than MD&A.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 55,160,821	\$ 55,160,821
Investment Earnings	-	-	18	18
Total Revenues	-	-	55,160,839	55,160,839
Expenditures				
Current				
Instruction	34,266,209	52,429,215	35,599,245	16,829,970
Support Services				
Students	5,908,020	9,039,601	6,137,856	2,901,745
Instructional Staff	9,148,585	13,997,846	9,504,486	4,493,360
General Administration	5,132	7,853	5,332	2,521
School Administration	57,500	87,978	59,737	28,241
Business and Other Support Services	1,065,754	1,630,663	1,107,214	523,449
Operations and Maintenance of Plant	2,107,152	3,224,060	2,189,125	1,034,935
Student Transportation	1,519,836	2,325,434	1,578,961	746,473
Operation of Noninstructional Services	3,856,050	5,899,971	4,006,059	1,893,912
Facilities Acquisition	13,518	20,683	14,044	6,639
Total Expenditures	57,947,756	88,663,304	60,202,059	28,461,246
Excess (Deficiency) of Revenues Over Expenditures	(57,947,756)	(88,663,304)	(5,041,220)	83,622,084
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,865,948)	(1,865,948)
Total Other Finance Sources (Uses)	-	-	(1,865,948)	(1,865,948)
Net Change in Fund Balance	(57,947,756)	(88,663,304)	(6,907,168)	81,756,136
Fund Balance				
Beginning of Year	-	-	2,159,525	2,159,525
End of Year	\$ (57,947,756)	\$ (88,663,304)	\$ (4,747,643)	\$ 83,915,661

See accompanying Notes to Required Supplementary Information Other Than MD&A.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION AND OPEB ASSET/LIABILITY
COST SHARING PENSION AND OPEB PLANS
LAST TEN YEARS

ASRS - Pension	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's Proportion of the Net Pension Liability	2.55685%	2.60893%	2.63076%	2.55567%	2.57435%	2.62166%	2.93952%
District's Proportionate Share of the Net Pension Liability	\$ 372,051,424	\$ 363,853,920	\$ 409,821,128	\$ 412,510,812	\$ 400,992,229	\$ 387,916,386	\$ 488,674,938
District's Covered Payroll	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476	\$ 225,906,271	N/A
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	152.89%	141.51%	181.80%	176.70%	173.96%	171.72%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.24%	73.00%	69.92%	67.06%	68.35%	69.49%	N/A
ASRS - Health Insurance Premium Benefit							
	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)			
District's Proportion of the Net OPEB Liability (Asset)	2.50792%	2.56702%	2.60208%	2.60208%			
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (693,073)	\$ (924,360)	\$ (1,416,572)	\$ 752,406			
District's Covered Payroll	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184			
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.28%	-0.36%	-0.63%	0.32%			
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	101.62%	102.00%	103.57%	N/A			
ASRS - Long-term Disability							
	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)			
District's Proportion of the Net OPEB Liability (Asset)	2.51924%	2.60851%	2.61688%	2.61688%			
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,641,147	\$ 1,362,958	\$ 948,559	\$ 940,411			
District's Covered Payroll	\$ 253,887,629	\$ 257,123,313	\$ 255,428,219	\$ 233,458,184			
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	0.65%	0.53%	0.37%	0.40%			
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	72.85%	78.00%	84.44%	N/A			

See accompanying Notes to Required Supplementary Information Other Than MD&A.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
COST SHARING PENSION AND OPEB PLANS
LAST TEN YEARS

ASRS - Pension	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 30,558,140	\$ 30,105,384	\$ 28,232,555	\$ 27,661,624	\$ 25,963,519	\$ 25,821,534	\$ 25,286,682
Contributions in Relation to the Statutorily Required Contribution	<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>25,821,534</u>	<u>25,286,682</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476	\$ 225,906,271	N/A
Contributions as a Percentage of Covered Payroll	12.56%	11.71%	12.52%	11.85%	11.26%	11.43%	N/A
ASRS - Health Insurance Premium Benefit	2020	2019	2018	2017			
Statutorily Required Contribution	\$ 1,307,728	\$ 1,238,624	\$ 1,139,663	\$ 1,400,798			
Contributions in Relation to the Statutorily Required Contribution	<u>1,307,728</u>	<u>1,238,624</u>	<u>1,139,663</u>	<u>1,400,798</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
District's Covered Payroll	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184			
Contributions as a Percentage of Covered Payroll	0.54%	0.48%	0.51%	0.60%			
ASRS - Long-term Disability	2020	2019	2018	2017			
Statutorily Required Contribution	\$ 453,702	\$ 430,905	\$ 414,423	\$ 355,901			
Contributions in Relation to the Statutorily Required Contribution	<u>453,702</u>	<u>430,905</u>	<u>414,423</u>	<u>355,901</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
District's Covered Payroll	\$ 253,887,629	\$ 257,123,313	\$ 255,428,219	\$ 233,458,184			
Contributions as a Percentage of Covered Payroll	0.18%	0.17%	0.16%	0.15%			

See accompanying Notes to Required Supplementary Information Other Than MD&A.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2020

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The General Fund budgetary comparison schedule is prepared on the budgetary basis of accounting. For external reporting purposes, the General Fund includes revenues, expenditures, other financing sources, and uses and fund balances of other internally maintained funds. The General Fund, however, is budgeted based on the internally maintained General Fund and does not include the other internally maintained funds.

Consequently, the following reconciliation is necessary to reconcile the General Fund Budgetary Comparison Schedule to the Statements of Revenues, Expenditures, and Changes in Fund Balances.

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 333,682,453	\$ 323,299,622	\$ 968,267	\$ 21,153,341	\$ 32,555,880
Non Maintenance and Operation Activity Included in General Fund	<u>(7,906,701)</u>	<u>(11,796,362)</u>	<u>(2,931,581)</u>	<u>(20,431,024)</u>	<u>(19,472,944)</u>
Budgetary Comparison Schedule - General Fund	<u>\$ 325,775,752</u>	<u>\$ 311,503,260</u>	<u>\$ (1,963,314)</u>	<u>\$ 722,317</u>	<u>\$ 13,082,936</u>

NOTE 2 COST SHARING PLANS

Information prior to the measurement date June 30, 2013 was not available for the pension information. GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), as amended by GASB Statement No. 85, Omnibus 2017, adopted fiscal year ended June 30, 2019, requires the District to present ten years of pension and OPEB information as required supplementary information. However, until a full ten years of trend data is compiled, the District will present information for only those years for which information is available.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Classroom Site – to account for the revenues and expenditures of State apportioned education sales tax monies.

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

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

Other Special Revenue Fund – accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activity fee tax credit, insurance refunds, litigation recovery, and textbooks.

CAPITAL PROJECTS FUNDS

Unrestricted Capital Outlay – to account for transactions relating to the acquisition of capital items.

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

Building Renewal Grant – to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

DEBT SERVICE FUNDS

Energy and Water Savings – to account for accumulation of funds for repayment of outstanding debt issue to fund energy and water savings projects completed by the District.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Total Special Revenue Funds
ASSETS					
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables					
Accounts Receivable	-	-	136,820	41,603	178,423
Property Taxes	-	-	-	-	-
Intergovernmental	1,880,460	1,085,329	320,083	690,391	3,976,263
Inventories	-	-	1,516,115	-	1,516,115
Due from Other Funds	1,292,742	-	2,041,973	12,877,991	16,212,706
	<u>3,173,202</u>	<u>1,085,329</u>	<u>4,014,991</u>	<u>13,609,985</u>	<u>21,883,507</u>
Total Assets	\$ 3,173,202	\$ 1,085,329	\$ 4,014,991	\$ 13,609,985	\$ 21,883,507
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 7,327	\$ -	\$ 8,375	\$ 1,194,360	\$ 1,210,062
Accrued Wages and Benefits	16,754	-	110,380	105,910	233,044
Due to Other Funds	-	1,080,608	-	13,133	1,093,741
Total Liabilities	24,081	1,080,608	118,755	1,313,403	2,536,847
Deferred Inflows of Resources					
Unavailable Revenue	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	1,516,115	-	1,516,115
Restricted	3,149,121	4,721	2,380,121	12,296,582	17,830,545
Total Fund Balances	3,149,121	4,721	3,896,236	12,296,582	19,346,660
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,173,202</u>	<u>\$ 1,085,329</u>	<u>\$ 4,014,991</u>	<u>\$ 13,609,985</u>	<u>\$ 21,883,507</u>

Capital Projects			Total Capital Projects Funds	Debt Service	Total Nonmajor Governmental Funds
Unrestricted Capital Outlay	Adjacent Ways	Building Renewal		Energy & Water Savings	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	446,286	624,709
793,789	-	-	793,789	-	793,789
2,801,966	-	1,819,845	4,621,811	-	8,598,074
-	-	-	-	-	1,516,115
1,919,067	254,654	-	2,173,721	775,106	19,161,533
<u>\$ 5,514,822</u>	<u>\$ 254,654</u>	<u>\$ 1,819,845</u>	<u>\$ 7,589,321</u>	<u>\$ 1,221,392</u>	<u>\$ 30,694,220</u>

\$ 1,716,141	\$ 18,446	\$ 441,809	\$ 2,176,396	\$ -	\$ 3,386,458
5	-	-	5	-	233,049
-	-	1,378,036	1,378,036	-	2,471,777
<u>1,716,146</u>	<u>18,446</u>	<u>1,819,845</u>	<u>3,554,437</u>	<u>-</u>	<u>6,091,284</u>

<u>793,789</u>	<u>-</u>	<u>-</u>	<u>793,789</u>	<u>-</u>	<u>793,789</u>
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-	-	-	-	-	1,516,115
3,004,887	236,208	-	3,241,095	1,221,392	22,293,032
<u>3,004,887</u>	<u>236,208</u>	<u>-</u>	<u>3,241,095</u>	<u>1,221,392</u>	<u>23,809,147</u>

<u>\$ 5,514,822</u>	<u>\$ 254,654</u>	<u>\$ 1,819,845</u>	<u>\$ 7,589,321</u>	<u>\$ 1,221,392</u>	<u>\$ 30,694,220</u>
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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Total Special Revenue Funds
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,565,510	1,987,948	16,110,531	-	40,663,989
Tuition	-	-	-	7,151,031	7,151,031
Food Service Sales	-	-	2,604,869	-	2,604,869
Charges for Services	-	-	-	2,460,560	2,460,560
Contributions and Donations	-	-	-	2,684,274	2,684,274
Investment Earnings	35,294	59	893	9,061	45,307
Miscellaneous	1,102	-	243	251,443	252,788
Total Revenues	22,601,906	1,988,007	18,716,536	12,556,369	55,862,818
Expenditures					
Current					
Instruction	22,244,992	2,004,940	-	4,875,129	29,125,061
Support Services					
Students	6,023	-	-	536,332	542,355
Instructional Staff	169,159	-	-	623,976	793,135
General Administration	-	-	-	63,588	63,588
School Administration	-	-	-	45,822	45,822
Business and Other Support Services	-	-	2,938	200,117	203,055
Operations and Maintenance of Plant	-	-	-	569,146	569,146
Student Transportation	-	-	-	703,135	703,135
Operation of Noninstructional Services	-	-	15,386,481	3,306,356	18,692,837
Debt Service					
Principal Retirement	-	-	195,900	-	195,900
Interest on Long-Term Debt	-	-	18,387	-	18,387
Capital Outlay					
Facilities Acquisition	-	-	-	1,341,333	1,341,333
Total Expenditures	22,420,174	2,004,940	15,603,706	12,264,934	52,293,754
Excess (Deficiency) of Revenues Over Expenditures	181,732	(16,933)	3,112,830	291,435	3,569,064
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(1,000,000)	(4,225)	(1,004,225)
Total Other Financing Sources (Uses)	-	-	(1,000,000)	(4,225)	(1,004,225)
Net Change in Fund Balances	181,732	(16,933)	2,112,830	287,210	2,564,839
Fund Balances					
Beginning of Year	2,967,389	21,654	1,220,366	12,009,372	16,218,781
Increase in Nonspendable for Inventories	-	-	563,040	-	563,040
End of Year	\$ 3,149,121	\$ 4,721	\$ 3,896,236	\$ 12,296,582	\$ 19,346,660

Capital Projects				Debt Service	Total Nonmajor Governmental Funds
Unrestricted Capital Outlay	Adjacent Ways	Building Renewal	Total Capital Projects Funds	Energy & Water Savings	
\$ 4,721,412	\$ 4,047	\$ -	\$ 4,725,459	\$ -	\$ 4,725,459
8,604,306	-	1,523,251	10,127,557	908,930	51,700,476
-	-	-	-	-	7,151,031
-	-	-	-	-	2,604,869
-	-	-	-	-	2,460,560
-	-	-	-	-	2,684,274
6,915	4,267	-	11,182	9,248	65,737
6,673	-	-	6,673	64,808	324,269
13,339,306	8,314	1,523,251	14,870,871	982,986	71,716,675
7,233,822	-	-	7,233,822	-	36,358,883
505,997	-	-	505,997	-	1,048,352
884,246	-	-	884,246	-	1,677,381
41,906	-	-	41,906	-	105,494
28,651	-	-	28,651	-	74,473
1,760,625	-	-	1,760,625	-	1,963,680
544,504	-	389,277	933,781	121,843	1,624,770
33,921	-	-	33,921	-	737,056
728	-	-	728	-	18,693,565
613,653	-	-	613,653	1,812,032	2,621,585
48,740	-	-	48,740	962,126	1,029,253
994,348	450,111	1,133,974	2,578,433	-	3,919,766
12,691,141	450,111	1,523,251	14,664,503	2,896,001	69,854,258
648,165	(441,797)	-	206,368	(1,913,015)	1,862,417
-	-	-	-	1,963,314	1,963,314
-	-	-	-	-	(1,004,225)
-	-	-	-	1,963,314	959,089
648,165	(441,797)	-	206,368	50,299	2,821,506
2,356,722	678,005	-	3,034,727	1,171,093	20,424,601
-	-	-	-	-	563,040
\$ 3,004,887	\$ 236,208	\$ -	\$ 3,241,095	\$ 1,221,392	\$ 23,809,147

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance from
	Original	Final Budget	Actual	Final Budget
Revenues				
Property Taxes	\$ -	\$ -	\$ 17,359,733	\$ 17,359,733
Investment Earnings	-	-	1,804,545	1,804,545
Total Revenues	-	-	19,164,278	19,164,278
Expenditures				
Support Services				
Business and Other Support Services	390	390	1,571	(1,181)
Debt Service				
Principal Retirement	14,817,866	14,817,866	59,760,000	(44,942,134)
Interest on Long-Term Debt	3,067,903	3,067,903	12,372,758	(9,304,855)
Total Expenditures	17,886,159	17,886,159	72,134,329	(54,248,171)
Excess (Deficiency) of Revenues Over Expenditures	(17,886,159)	(17,886,159)	(52,970,051)	(35,083,892)
Other Financing Sources (Uses)				
Issuance of Long-term Debt	-	-	-	-
Premium on Issuance of Long-Term Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(17,886,159)	(17,886,159)	(52,970,051)	(35,083,892)
Fund Balance				
Beginning of Year	-	-	61,536,043	61,536,043
End of Year	\$ (17,886,159)	\$ (17,886,159)	\$ 8,565,992	\$ 26,452,151

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 22,565,510	\$ 22,565,510
Investment Earnings	-	-	35,294	35,294
Other	-	-	1,102	1,102
Total Revenues	-	-	22,601,906	22,601,906
Expenditures				
Current				
Instruction	25,693,642	25,716,347	22,244,992	3,471,355
Support Services				
Students	6,957	6,963	6,023	940
Instructional Staff	195,384	195,556	169,159	26,397
Business and Other Support Services	-	-	-	-
Total Expenditures	25,895,983	25,918,866	22,420,174	3,498,692
Net Change in Fund Balance	(25,895,983)	(25,918,866)	181,732	26,100,598
Fund Balance				
Beginning of Year	-	-	2,967,389	2,967,389
End of Year	\$ (25,895,983)	\$ (25,918,866)	\$ 3,149,121	\$ 29,067,987

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INSTRUCTIONAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with
	Original	Original	Actual	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,987,948	\$ 1,987,948
Investment Earnings	-	-	59	59
Total Revenues	-	-	1,988,007	1,988,007
Expenditures				
Current				
Instruction	2,500,000	1,900,000	2,004,940	(104,940)
Net Change in Fund Balance	(2,500,000)	(1,900,000)	(16,933)	1,883,067
Fund Balance				
Beginning of Year	-	-	21,654	21,654
End of Year	<u>\$ (2,500,000)</u>	<u>\$ (1,900,000)</u>	<u>\$ 4,721</u>	<u>\$ 1,904,721</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 16,110,531	\$ 16,110,531
Food Service Sales	-	-	2,604,869	2,604,869
Investment Earnings	-	-	893	893
Miscellaneous	-	-	243	243
Total Revenues	-	-	18,716,536	18,716,536
Expenditures				
Current				
Support Services				
Business and Other Support Services	3,834	3,832	2,938	894
Operation of Noninstructional Services	20,080,145	20,070,284	15,386,481	4,683,803
Debt Service				
Principal Retirement	255,660	255,534	195,900	59,634
Interest on Long-term Debt	23,996	23,984	18,387	5,597
Total Expenditures	20,363,635	20,353,634	15,603,706	4,749,929
Excess (Deficiency) of Revenues Over Expenditures	(20,363,635)	(20,353,634)	3,112,830	23,466,464
Other Financing Sources (Uses)				
Transfers Out	-	-	(1,000,000)	(1,000,000)
Proceeds from Capital Lease	-	-	-	-
Total Other Finance Sources (Uses)	-	-	(1,000,000)	(1,000,000)
Net Change in Fund Balance	(20,363,635)	(20,353,634)	2,112,830	22,466,464
Fund Balance				
Beginning of Year	-	-	1,220,366	1,220,366
Increase in Nonspendable for Inventories	-	-	563,040	563,040
End of Year	\$ (20,363,635)	\$ (20,353,634)	\$ 3,896,236	\$ 24,249,870

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OTHER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Tuition	\$ -	\$ -	\$ 7,151,031	\$ 7,151,031
Contributions and Donations	-	-	2,684,274	2,684,274
Charges for Services	-	-	2,460,560	2,460,560
Investment Earnings	-	-	9,061	9,061
Miscellaneous	-	-	251,443	251,443
Total Revenues	-	-	12,556,369	12,556,369
Expenditures				
Current				
Instruction	8,853,360	9,542,935	4,875,129	4,667,806
Support Services				
Students	973,993	1,049,856	536,332	513,524
Instructional Staff	1,133,156	1,221,416	623,976	597,440
General Administration	115,477	124,472	63,588	60,884
School Administration	83,214	89,695	45,822	43,873
Business and Other Support Services	363,418	391,724	200,117	191,607
Operations and Maintenance of Plant	1,033,584	1,114,088	569,146	544,942
Student Transportation	1,276,911	1,376,368	703,135	673,233
Operation of Noninstructional Services	6,004,428	6,472,103	3,306,356	3,165,747
Facilities Acquisition	2,435,895	2,625,623	1,341,333	1,284,290
Total Expenditures	22,273,436	24,008,280	12,264,934	11,743,346
Net Change in Fund Balance	(22,273,436)	(24,008,280)	291,435	24,299,715
Other Financing Sources (Uses)				
Transfers Out	-	-	(4,225)	(4,225)
Net Change in Fund Balance	(22,273,436)	(24,008,280)	287,210	24,295,490
Fund Balance				
Beginning of Year	-	-	12,009,372	12,009,372
End of Year	<u>\$ (22,273,436)</u>	<u>\$ (24,008,280)</u>	<u>\$ 12,296,582</u>	<u>\$ 36,304,862</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
UNRESTRICTED CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Property Taxes	\$ -	\$ -	\$ 4,721,412	\$ 4,721,412
Intergovernmental	-	-	8,604,306	8,604,306
Investment Earnings	-	-	6,915	6,915
Other	-	-	6,673	6,673
Total Revenues	-	-	13,339,306	13,339,306
Expenditures				
Current				
Instruction	7,199,010	9,527,392	7,233,822	2,293,570
Support Services				
Students	503,562	666,429	505,997	160,432
Instructional Staff	879,991	1,164,607	884,246	280,361
General Administration	41,704	55,193	41,906	13,287
School Administration	28,513	37,735	28,651	9,084
Business and Other Support Services	1,752,152	2,318,852	1,760,625	558,227
Operations and Maintenance of Plant	541,884	717,146	544,504	172,642
Student Transportation	33,758	44,676	33,921	10,755
Operation of Noninstructional Services	724	959	728	(4)
Debt Service				
Principal Retirement	610,700	808,219	613,653	194,566
Interest on Long-term Debt	48,505	64,194	48,740	15,454
Facilities Acquisition	989,563	1,309,618	994,348	315,270
Total Expenditures	12,630,066	16,715,020	12,691,141	4,023,644
Net Change in Fund Balance	(12,630,066)	(16,715,020)	648,165	17,363,185
Fund Balance				
Beginning of Year	-	-	2,356,722	2,356,722
End of Year	\$ (12,630,066)	\$ (16,715,020)	\$ 3,004,887	\$ 19,719,907

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ADJACENT WAYS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property Taxes	\$ -	\$ -	\$ 4,047	\$ 4,047
Investment Earnings	\$ -	-	4,267	4,267
Total Revenues	-	-	8,314	8,314
Expenditures				
Current				
Support Services				
Operations and Maintenance of Plant	-	-	-	-
Facilities Acquisition	765,000	686,144	450,111	236,033
Total Expenditures	765,000	686,144	450,111	236,033
Net Change in Fund Balance	(765,000)	(686,144)	(441,797)	244,347
Fund Balance				
Beginning of Year	-	-	678,005	678,005
End of Year	\$ (765,000)	\$ (686,144)	\$ 236,208	\$ 922,352

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING RENEWAL GRANT FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,523,251	\$ 1,523,251
Expenditures				
Current				
Support Services:				
Operations and Maintenance of Plant	51,111	1,733,516	389,277	1,344,239
Facilities Acquisition	148,889	5,049,778	1,133,974	3,915,804
Total Expenditures	200,000	6,783,294	1,523,251	5,260,043
Net Change in Fund Balance	(200,000)	(6,783,294)	-	6,783,294
Fund Balance				
Beginning of Year	-	-	-	-
End of Year	\$ (200,000)	\$ (6,783,294)	\$ -	\$ 6,783,294

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ENERGY & WATER SAVINGS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 908,930	\$ 908,930
Investment Earnings	-	-	9,248	9,248
Other	-	-	64,808	64,808
Total Revenues	-	-	982,986	982,986
Expenditures				
Current				
Support Services				
Operations and Maintenance of Plant	113,597	125,083	121,843	3,240
Debt Service				
Principal Retirement	1,689,394	1,860,210	1,812,032	48,178
Interest on Long-term Debt	897,009	987,707	962,126	25,581
Total Expenditures	2,700,000	2,973,000	2,896,001	76,999
Excess (Deficiency) of Revenues Over Expenditures	(2,700,000)	(2,973,000)	(1,913,015)	1,059,985
Other Financing Sources (Uses)				
Transfers In	-	-	1,963,314	1,963,314
Net Change in Fund Balance	(2,700,000)	(2,973,000)	50,299	3,023,299
Fund Balance				
Beginning of Year	-	-	1,171,093	1,171,093
End of Year	<u>\$ (2,700,000)</u>	<u>\$ (2,973,000)</u>	<u>\$ 1,221,392</u>	<u>\$ 4,194,392</u>

INTERNAL SERVICE FUNDS

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

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, 2020

	Employee Benefit Trust	Workers' Compensation Trust	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 21,345,537	\$ 5,839,235	\$ 27,184,772
Other Receivable	1,901,216	347,329	2,248,545
Total Assets	<u>23,246,753</u>	<u>6,186,564</u>	<u>29,433,317</u>
LIABILITIES			
Current Liabilities			
Claims Payable	<u>1,051,693</u>	<u>324,000</u>	<u>1,375,693</u>
Noncurrent Liabilities			
Claims Payable	<u>3,295,954</u>	<u>1,739,017</u>	<u>5,034,971</u>
Total Liabilities	<u>4,347,647</u>	<u>2,063,017</u>	<u>6,410,664</u>
NET POSITION			
Unrestricted	<u>18,899,106</u>	<u>4,123,547</u>	<u>23,022,653</u>
Total Net Position	<u>\$ 18,899,106</u>	<u>\$ 4,123,547</u>	<u>\$ 23,022,653</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Employee Benefit Trust	Workers' Compensation Trust	Totals
OPERATING REVENUES			
Contributions	\$ 26,907,195	\$ 2,470,357	\$ 29,377,552
Miscellaneous	2,138,282	-	2,138,282
Total Operating Revenues	<u>29,045,477</u>	<u>2,470,357</u>	<u>31,515,834</u>
OPERATING EXPENSES			
Claims	28,827,817	1,181,065	30,008,882
Premiums	3,891,660	1,514,049	5,405,709
Administrative Fees	2,433,113	75,568	2,508,681
Other	356,798	2,494	359,292
Total Operating Expenses	<u>35,509,388</u>	<u>2,773,176</u>	<u>38,282,564</u>
Operating Income (Loss)	(6,463,911)	(302,819)	(6,766,730)
NONOPERATING REVENUES			
Investment Earnings	555,994	14,932	570,926
Change in Net Position	<u>(5,907,917)</u>	<u>(287,887)</u>	<u>(6,195,804)</u>
Total Net Position - Beginning of Year	<u>24,807,023</u>	<u>4,411,434</u>	<u>29,218,457</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 18,899,106</u>	<u>\$ 4,123,547</u>	<u>\$ 23,022,653</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Employee Benefit Trust	Workers' Compensation Trust	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 26,588,406	\$ 2,233,275	\$ 28,821,681
Cash Received from Other Sources	2,138,282	-	2,138,282
Payments to Suppliers	(2,683,650)	(19,352)	(2,703,002)
Payments to Employees	(106,261)	(58,710)	(164,971)
Payments for Claims and Premiums	(30,701,184)	(1,835,945)	(32,537,129)
Net Cash Provided (Used) by Operating Activities	(4,764,407)	319,268	(4,445,139)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	555,994	14,932	570,926
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,208,413)	334,200	(3,874,213)
Cash and Cash Equivalents - Beginning of the Year	25,553,950	5,505,035	31,058,985
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 21,345,537</u>	<u>\$ 5,839,235</u>	<u>\$ 27,184,772</u>
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (6,463,911)	\$ (302,819)	\$ (6,766,730)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities			
Effect of Changes in Assets/Liabilities:			
Other Receivable	(318,789)	(237,082)	(555,871)
Claims Payable	2,018,293	859,169	2,877,462
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,764,407)</u>	<u>\$ 319,268</u>	<u>\$ (4,445,139)</u>

AGENCY FUNDS

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

Employee Insurance – to account for unremitted insurance deductions held by the District as an agent.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2020

	<u>Student Activities</u>	<u>Employee Insurance Fund</u>	<u>Total</u>
Assets			
Current Assets			
Cash and Investments	<u>1,973,125</u>	<u>\$ 5,201,301</u>	<u>\$ 7,174,426</u>
Liabilities			
Due to Student Groups	\$ 1,973,125	\$ -	\$ 1,973,125
Deposits Held for Others	<u>-</u>	<u>5,201,301</u>	<u>5,201,301</u>
Total Liabilities	<u>\$ 1,973,125</u>	<u>\$ 5,201,301</u>	<u>\$ 7,174,426</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Student Activities Fund				
Assets				
Cash and Investments	<u>\$ 2,276,938</u>	<u>\$ 1,663,540</u>	<u>\$ (1,967,353)</u>	<u>\$ 1,973,125</u>
Liabilities				
Due to Student Groups	<u>\$ 2,276,938</u>	<u>\$ 1,663,540</u>	<u>\$ (1,967,353)</u>	<u>\$ 1,973,125</u>
Employee Insurance Fund				
Assets				
Cash and Investments	<u>\$ 5,551,004</u>	<u>\$ 1,037,182</u>	<u>\$ (1,386,885)</u>	<u>\$ 5,201,301</u>
Liabilities				
Deposits Held for Others	<u>\$ 5,551,004</u>	<u>\$ 1,037,182</u>	<u>\$ (1,386,885)</u>	<u>\$ 5,201,301</u>
Total Agency Funds				
Assets				
Cash and Investments	<u>\$ 7,827,942</u>	<u>\$ 2,700,722</u>	<u>\$ (3,354,238)</u>	<u>\$ 7,174,426</u>
Liabilities				
Due to Student Groups	\$ 2,276,938	\$ 1,663,540	\$ (1,967,353)	\$ 1,973,125
Deposits Held for Others	5,551,004	1,037,182	(1,386,885)	5,201,301
Total Liabilities	<u>\$ 7,827,942</u>	<u>\$ 2,700,722</u>	<u>\$ (3,354,238)</u>	<u>\$ 7,174,426</u>

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Statistical



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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.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to 5% in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value, and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

		Fiscal Year Ended June 30				
		2020	2019	2018	2017	2016
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>\$ 201,477,831</u>	<u>\$ 202,830,993</u>	<u>\$ 188,229,887</u>	<u>\$ 178,376,269</u>	<u>\$ 163,415,484</u>
		2015	2014	2013	2012	2011
NET POSITION						
Net Investment in Capital Assets		\$ 483,557,940	\$ 478,823,950	\$ 478,208,141	\$ 453,090,065	\$ 434,745,660
Restricted		51,883,159	36,973,962	38,076,040	50,858,186	65,412,105
Unrestricted		(401,875,725)	57,072,295	39,993,726	48,723,218	44,383,800
Total Net Position		<u>\$ 133,565,374</u>	<u>\$ 572,870,207</u>	<u>\$ 556,277,907</u>	<u>\$ 552,671,469</u>	<u>\$ 544,541,565</u>

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

Note: The reduction in net position during fiscal year 2014-15 is due to the implementation of the pension standards.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
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 Noninstructional 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	483,295,531	452,759,340	445,470,477	433,095,408	417,789,123
PROGRAM REVENUES					
Charges for Services:					
Instruction	8,029,659	10,251,006	7,807,589	8,329,005	8,055,467
Operation of Noninstructional 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	116,154,858	120,870,892	114,884,336	86,181,518	78,615,648
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.

Fiscal Year Ended June 30					
	2015	2014	2013	2012	2011
EXPENSES					
Instruction	\$ 203,639,013	\$ 213,899,377	\$ 224,302,136	\$ 237,543,995	\$ 232,454,534
Support Services - Students and Staff	58,847,288	64,945,835	69,035,667	72,454,063	70,371,615
Support Services - Administration	42,670,490	42,732,507	44,610,584	43,723,616	42,737,361
Operation and Maintenance of Plant Services	51,097,685	49,866,704	55,716,491	56,498,727	56,053,302
Student Transportation Services	24,594,918	25,895,104	26,338,473	26,634,890	23,345,392
Operation of Noninstructional Services	24,786,616	22,647,923	21,534,017	21,981,761	18,430,745
Interest on Long-Term Debt	11,501,715	11,640,250	13,064,629	13,936,906	15,517,905
Total Expenses	417,137,725	431,627,700	454,601,997	472,773,958	458,910,854
PROGRAM REVENUES					
Charges for Services:					
Instruction	7,212,949	5,875,912	5,706,176	6,384,061	3,293,113
Operation of Noninstructional Services	3,436,318	3,395,327	3,110,765	2,739,728	3,204,525
Other Activities	1,342,188	1,023,287	604,562	696,167	668,536
Operating Grants and Contributions	62,655,672	64,756,379	70,030,026	83,827,648	87,020,303
Capital Grants and Contributions	4,430,655	6,645,889	3,735,347	4,669,887	3,347,591
Total Program Revenues	79,077,782	81,696,794	83,186,876	98,317,491	97,534,068
NET (EXPENSE) REVENUE	<u>\$ (338,059,943)</u>	<u>\$ (349,930,906)</u>	<u>\$ (371,415,121)</u>	<u>\$ (374,456,467)</u>	<u>\$ (361,376,786)</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
NET (EXPENSE) REVENUE	\$ (367,140,673)	\$ (331,888,448)	\$ (330,586,141)	\$ (346,913,890)	\$ (339,173,475)
GENERAL REVENUE					
Taxes:					
Property Taxes, Levied for General Purposes	163,899,217	160,770,544	153,807,195	157,829,310	141,731,194
Property Taxes, Levied for Debt Service	17,359,733	17,187,375	17,387,891	22,861,124	24,614,671
Property Taxes, Levied for Capital Outlay	4,725,459	2,868,779	6,742,815	-	13,925,324
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 Revenue	<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>
CHANGE 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.

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
NET (EXPENSE) REVENUE	\$ (338,059,943)	\$ (349,930,906)	\$ (371,415,121)	\$ (374,456,467)	\$ (361,376,786)
GENERAL REVENUE					
Taxes:					
Property Taxes, Levied for General Purposes	142,745,273	151,093,018	164,258,242	155,769,383	122,512,450
Property Taxes, Levied for Debt Service	21,151,962	42,704,992	39,875,831	50,749,259	46,598,982
Property Taxes, Levied for Capital Outlay	18,421,667	2,782,396	6,463,393	2,156,401	25,031,169
Investment Income	530,244	352,847	740,367	675,595	817,368
Unrestricted County Aid	13,033,210	14,097,314	14,372,495	13,918,868	12,889,153
Unrestricted State Aid	164,102,726	152,463,686	146,611,426	158,195,164	190,988,261
Unrestricted Federal Aid	2,158,284	3,028,953	2,699,805	1,121,701	3,657,865
Proceeds from Sale of Capital Assets	-	-	-	-	-
Other	-	-	-	-	-
Total General Revenue	<u>362,143,366</u>	<u>366,523,206</u>	<u>375,021,559</u>	<u>382,586,371</u>	<u>402,495,248</u>
CHANGE IN NET POSITION	<u>\$ 24,083,423</u>	<u>\$ 16,592,300</u>	<u>\$ 3,606,438</u>	<u>\$ 8,129,904</u>	<u>\$ 41,118,462</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2020	2019	2018	2017	2016
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)	(201,445)
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>\$ 47,562,175</u>

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

Fiscal Year				
2015	2014	2013	2012	2011
\$ 1,568,190	\$ 1,401,642	\$ 1,354,618	\$ 1,696,474	\$ 2,516,592
-	-	-	-	-
27,952,038	30,539,900	31,111,961	44,949,267	41,673,112
<u>\$ 29,520,228</u>	<u>\$ 31,941,542</u>	<u>\$ 32,466,579</u>	<u>\$ 46,645,741</u>	<u>\$ 44,189,704</u>
\$ 777,502	\$ 928,999	\$ 1,203,182	\$ 1,192,659	\$ 1,151,571
47,643,989	33,487,783	47,338,139	91,678,314	130,932,893
1,039,083	910,868	747,383	697,442	1,840,152
(23,760)	(2,825,169)	(32,372)	(112)	(22,815)
<u>\$ 49,436,814</u>	<u>\$ 32,502,481</u>	<u>\$ 49,256,332</u>	<u>\$ 93,568,303</u>	<u>\$ 133,901,801</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2020	2019	2018	2017	2016
Federal Sources					
Federal Grants	\$ 58,524,285	\$ 55,232,554	\$ 51,122,305	\$ 48,067,680	\$ 44,769,017
State Fiscal Stabilization (ARRA)	-	-	-	-	-
Education Jobs	-	-	-	-	-
Impact Aid	674,968	1,462,306	559,516	1,273,114	966,667
National School Lunch Program	16,110,531	17,348,341	17,115,645	19,377,148	17,705,168
Interest Subsidy	908,930	1,019,837	1,134,580	2,973,687	1,853,469
Total Federal Sources	76,218,714	75,063,038	69,932,046	71,691,629	65,294,321
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 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	186,051,262	172,125,582	173,476,347	164,998,766	171,925,424
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	217,454,269	218,425,683	210,489,526	212,408,017	209,346,741
Total Revenues	479,724,245	465,614,303	453,897,919	449,098,412	446,566,486
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
Administration	40,842,176	40,659,752	44,276,474	46,887,015	42,556,971
Operation and Maintenance of Plant	54,251,356	50,731,964	51,464,117	50,490,660	49,925,794
Student Transportation	20,607,466	27,760,076	25,395,575	22,374,249	22,123,760
Operation of Noninstructional Services	23,372,477	26,324,824	26,160,227	26,422,667	24,575,643
Debt Service					
Principal Retirement	62,381,585	13,849,839	17,412,074	21,157,816	23,785,413
Interest on Long-Term Debt	13,402,011	10,475,411	9,967,726	9,258,936	11,071,732
Insurance Costs	-	-	425,740	-	-
Capital Outlay	6,718,193	9,582,324	7,895,688	16,552,132	26,349,041
Total Expenditures	525,490,268	478,132,381	470,492,892	464,307,072	446,814,845
Other Financing Sources (Uses)					
Issuance of Refunding Debt	-	-	48,520,000	63,000,000	-
Issuance of Long-Term Debt	-	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	(74,611,042)	-
Issuance of Capital Leases	-	566,129	3,149,507	-	-
Proceeds from Sale of Capital Assets	61,408	302,331	7,224,196	2,838,216	1,426,879
Premium on Sale of Bonds	-	-	6,885,717	12,203,632	-
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)	61,408	868,460	65,779,420	3,430,806	1,426,879
Net Change in Fund Balance	\$ (45,704,615)	\$ (11,649,618)	\$ 49,184,447	\$ (11,777,854)	\$ 1,178,520
Debt Service as a Percentage of Noncapital Expenditures	14.65%	5.25%	5.82%	6.55%	7.80%

Fiscal Year				
2015	2014	2013	2012	2011
\$ 42,860,201	\$ 49,697,352	\$ 51,441,832	\$ 60,941,360	\$ 60,810,964
-	-	-	-	2,291,978
-	-	-	4,322,415	6,258,984
728,590	676,045	1,206,125	1,121,701	1,365,887
18,181,402	18,011,161	17,567,092	17,017,815	16,473,993
2,365,903	1,257,444	1,296,061	1,355,003	-
64,136,096	69,642,002	71,511,110	84,758,294	87,201,806
143,771,604	132,185,366	128,594,364	142,586,526	177,289,785
548,195	997,741	1,838,710	1,004,308	1,605,563
726,400	-	-	-	-
20,331,122	20,277,532	17,285,416	15,835,725	14,668,319
165,377,321	153,460,639	147,718,490	159,426,559	193,563,667
184,034,798	195,388,011	209,545,368	210,099,111	189,258,948
13,033,210	14,097,314	14,372,495	13,918,868	12,889,153
1,909,739	2,003,028	2,200,959	2,122,437	2,438,926
164,796	187,195	421,413	461,420	611,420
14,242,254	12,882,717	11,731,552	12,108,138	9,117,882
213,384,797	224,558,265	238,271,787	238,709,974	214,316,329
442,898,214	447,660,906	457,501,387	482,894,827	495,081,802
179,021,232	182,170,194	200,508,623	207,817,232	204,760,085
59,835,214	62,928,162	68,401,474	70,581,454	68,796,953
42,079,368	40,912,970	42,935,792	41,370,788	40,360,497
51,388,778	49,228,361	55,277,056	55,159,807	56,678,876
22,151,830	22,626,196	23,676,242	23,454,160	22,241,973
24,817,964	22,569,839	21,348,952	21,642,746	18,585,569
22,786,648	47,239,231	40,583,291	40,909,199	34,649,692
11,740,160	11,720,671	13,086,907	13,959,184	15,555,722
-	-	-	441,705	776,763
46,900,850	45,330,412	57,417,569	56,698,083	52,393,932
460,722,044	484,726,036	523,235,906	532,034,358	514,800,062
-	-	-	51,000,000	45,900,000
-	-	-	-	74,000,000
-	-	-	(54,314,359)	(49,962,127)
32,321,798	19,425,678	3,273,496	11,525,165	-
-	-	48,617	101,083	1,728,172
-	-	-	3,738,599	5,038,940
1,752,693	6,777,058	3,273,496	1,904,315	2,761,892
(1,752,693)	(6,777,058)	(3,273,496)	(1,904,315)	(2,761,892)
32,321,798	19,425,678	3,322,113	12,050,488	76,704,985
\$ 14,497,968	\$ (17,639,452)	\$ (62,412,406)	\$ (37,089,043)	\$ 56,986,725
7.49%	12.16%	10.26%	10.31%	9.75%

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

NET LIMITED ASSESSED VALUE BY PROPERTY CLASS

Fiscal Year	Mines, Utilities and Commercial	Agriculture and Vacant	Primary Residential Property	Lease or Rented Residential	Railroad and Airlines	Historical Property	Government Property Improvements	Total
2019-20	\$ 1,036,683,865	\$ 80,471,664	\$ 1,562,355,446	\$ 707,399,543	\$ 2,526,672	\$ 38,655,938	\$ -	\$ 3,428,093,128
2018-19	1,019,483,813	85,907,224	1,471,227,593	688,786,655	2,560,348	36,914,026	4,278	3,304,883,937
2017-18	1,034,126,227	77,546,462	1,390,537,836	675,985,879	2,685,155	34,881,981	4,197	3,215,767,737
2016-17	965,433,532	94,872,106	1,328,794,436	656,086,204	2,528,033	33,455,272	-	3,081,169,583
2015-16	976,879,689	105,330,798	1,268,030,829	641,672,375	2,699,156	30,975,434	6,464	3,025,594,745
2014-15	1,010,697,174	111,852,863	1,251,339,919	594,632,374	2,663,090	30,462,610	6,156	3,001,654,186
2013-14	1,019,451,977	114,927,549	1,336,979,464	499,869,993	2,363,569	28,785,354	19,506	3,002,397,412
2012-13	1,081,215,033	118,498,381	1,477,013,301	507,897,672	2,303,761	28,965,566	20,701	3,215,914,415
2011-12	1,074,335,352	112,720,592	1,636,106,002	478,805,500	2,023,840	29,071,310	78,131	3,333,140,727
2010-11	1,090,965,347	114,484,305	1,861,033,185	508,578,926	2,014,148	29,884,448	-	3,606,960,359

FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS

Fiscal Year	Mines, Utilities and Commercial	Agriculture and Vacant	Primary Residential Property	Lease or Rented Residential	Railroad and Airlines	Historical Property	Certain Government Property Improvements	Total
2019-20	\$ 1,137,974,223	\$ 91,497,804	\$ 1,740,617,423	\$ 858,092,105	\$ 3,120,706	\$ 43,957,798	\$ -	\$ 3,875,260,059
2018-19	1,136,096,565	96,559,030	1,566,819,236	817,052,172	3,085,228	39,352,702	4,278	3,658,969,211
2017-18	1,090,605,695	81,395,327	1,461,545,958	758,174,083	3,127,378	36,589,056	4,213	3,431,441,710
2016-17	1,006,656,328	97,700,856	1,429,214,902	717,687,648	2,705,166	35,707,258	-	3,289,672,158
2015-16	1,012,574,440	108,813,131	1,318,079,541	672,444,407	2,750,284	31,954,759	9,746	3,146,626,308
2014-15	1,025,364,280	114,157,316	1,254,450,188	601,425,570	2,688,000	30,607,284	6,156	3,028,698,794
2013-14	1,036,430,609	119,316,810	1,337,932,939	503,614,469	2,385,858	29,656,219	19,506	3,029,356,410
2012-13	1,114,174,075	126,790,265	1,478,192,168	512,387,222	2,347,426	30,404,234	21,389	3,264,316,779
2011-12	1,124,168,415	124,964,505	1,640,031,268	483,574,300	2,258,002	30,856,368	81,418	3,405,934,276
2010-11	1,188,354,335	139,480,103	1,887,895,526	531,796,567	2,404,131	34,061,136	-	3,783,991,798

Note: Assessed valuation amounts were obtained from the Arizona Department of Revenue Abstract of the Assessment Roll.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

	<u>Property Classification (a)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
01	Mining, Utilities, Commercial and Industrial	18%	18%	18%	18%	19%	19%	20%	20%	20%	21%
02.R/P	Agriculture and Vacant Land	15	15	15	15	16	16	16	16	16	16
03	Primary Residential Property	10	10	10	10	10	10	10	10	10	10
04	Leased or Rented Residential	10	10	10	10	10	10	10	10	10	10
05	Railroads, Private Rail Cars, and Airlines	15	15	15	14	15	16	15	15	15	17

Note: Assessed valuation amounts were obtained from the Arizona Department of Revenue Abstract of the Assessment Roll.

(a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Overlapping Rates									District Direct Rates		
	State Equalization	Total 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
2011	0.00	4.06	0.31	0.26	1.08	0.04	0.10	0.96	0.20	5.05	1.25	6.30
2012	0.00	4.20	0.35	0.26	1.11	0.04	0.10	1.16	2.66	5.47	1.48	6.95
2013	0.00	4.20	0.35	0.26	1.17	0.04	0.10	1.26	2.76	6.08	1.24	7.32
2014	0.51	4.45	0.38	0.26	1.29	0.05	0.14	1.43	2.98	6.01	1.43	7.44
2015	0.51	4.98	0.44	0.30	1.33	0.05	0.14	1.46	0.25	6.80	0.71	7.51
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
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
2018	0.49	4.46	0.51	0.31	1.39	0.05	0.14	1.43	0.25	6.38	0.55	6.92
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
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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Unisource Energy Corporation	\$ 80,267,556	1	2.07%	\$ 44,651,103	2	1.17%
Southwest Gas Corporation	34,844,691	2	0.90	15,135,967	4	0.40
SMSJ Holdings LLC	25,906,772	3	0.67			
Qwest Corporation	19,752,943	4	0.51	30,650,334	2	0.80
Wal-Mart Stores	11,553,457	5	0.30	6,432,786	9	0.17
Starr Pass Resort Development LLC	10,934,577	6	0.28	16,649,564	3	0.44
TMC Holdings Inc	10,050,065	7	0.26			
El Con Shopping Center	8,496,540	8	0.22	7,567,984	8	0.20
WC Partner Et Al	7,886,242	9	0.20	7,567,984	7	0.20
Sunrun Inc	7,863,480	10	0.20			
Park Place Shopping Center	-			14,757,568	5	0.39
Hub Properties Trust	-			6,054,387	10	0.16
Verizon Wireless	-			10,973,576	6	0.29
Totals	<u>\$ 217,556,323</u>		5.73	<u>\$ 160,441,253</u>		4.22

Source: Pima County Assessors Records

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy (1)	Current Collections		Delinquent Tax Collections (1)	Total Collections	Collections as a Percentage of the Levy	Outstanding Tax Collections	Outstanding Collections as a Percentage of Levy
		Current Tax Collections (1)	Percent of Current Taxes Collected					
2011	\$ 187,871,554	\$ 175,768,632	93.56 %	\$ 9,644,018	\$ 185,412,650	98.69 %	\$ 2,458,904	1.31 %
2012	208,831,937	199,284,574	95.43	9,165,364	208,449,938	99.82	381,999	0.18
2013	211,182,909	201,863,709	95.59	8,544,018	210,407,727	99.63	775,182	0.37
2014	196,991,408	188,246,693	95.56	8,040,104	196,286,797	99.64	704,611	0.36
2015	182,457,545	174,547,250	95.66	7,073,509	181,620,759	99.64	836,786	0.46
2016	180,517,207	172,697,266	95.67	7,098,624	179,795,890	99.60	721,317	0.40
2017	175,019,179	169,670,800	96.94	4,617,002	174,287,802	99.58	731,377	0.42
2018	171,842,883	166,761,271	97.04	-	166,761,271	97.04	5,081,612	2.96
2019	177,214,473	171,809,696	96.95	-	171,809,696	96.95	5,404,777	3.05
2020	179,957,364	176,017,356	97.81	2,784,471	178,801,827	99.36	1,155,537	0.64

Source: County Treasurer & District records

Note 1: Unsecured personal property taxes are not included in this schedule.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Debt Per Capita	Percentage of Personal Income	Population
	General Obligation Bonds	Capital Leases	Total Primary Government			
2011	\$ 312,128,142	\$ 5,136,279	\$ 317,264,421	\$ 670	1.88 %	473,319
2012	278,767,431	11,982,245	290,749,676	612	1.66	475,382
2013	242,508,469	14,555,055	257,063,524	538	1.45	478,102
2014	205,247,538	23,816,502	229,064,040	429	1.14	533,796
2015	190,064,802	47,666,652	237,731,454	447	1.17	531,481
2016	174,496,634	38,681,239	213,177,873	403	1.02	528,706
2017	163,266,104	30,873,423	194,139,527	364	0.90	533,023
2018	206,075,984	27,130,856	233,206,840	434	1.04	537,566
2019	192,863,242	24,697,146	217,560,388	400	0.91	543,305
2020	125,289,308	22,075,561	147,364,869	270	0.62	546,576

Fiscal Year	Governmental Activities			Ratio of Net Bonded Debt to the Estimated Actual Value of Taxable Property	Population	Debt Per Capita
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total Primary Government			
2011	\$ 312,128,142	\$ (13,599,040)	\$ 298,529,102	0.84	473,319	\$ 631
2012	278,767,431	(14,136,565)	264,630,866	0.81	475,382	557
2013	242,508,469	(16,538,166)	225,970,303	0.72	478,102	473
2014	205,247,538	(9,582,846)	195,664,692	0.65	533,796	367
2015	190,064,802	(5,384,563)	184,680,239	0.60	531,481	347
2016	174,496,634	(3,760,236)	170,736,398	0.53	528,706	323
2017	163,266,104	(6,258,790)	157,007,314	0.46	533,023	295
2018	206,075,984	(11,042,670)	195,033,314	0.56	537,566	363
2019	192,863,242	(9,002,551)	183,860,691	0.50	543,505	338
2020	125,289,308	(11,893,986)	113,395,322	0.29	546,576	207

Source: The District financial records for long-term debt information. The source of the estimated district population is University of Arizona Eller College.

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Pima County	\$ 174,910,000	39.27 %	\$ 68,687,157
City of Tucson	167,960,000	95.82	<u>160,939,272</u>
Subtotal, Overlapping Debt			229,626,429
Tucson Unified School District No. 1	147,364,869		<u>147,364,869</u>
Total Direct and Overlapping Debt			<u><u>\$ 376,991,298</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt	
As a Percentage of Net Limited Assessed Valuation	3.31%
Net Direct and Overlapping General Bonded Debt	
Per Capita	\$ 690
As a Percentage of Net Limited Assessed Valuation	11.00%
As a Percentage of Gross Full Cash Value	0.96%

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

(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.

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2020

Net Full Cash Assessed Value \$ 3,875,260,059

Legal Debt Margin:

General Obligation Bonds

Debt Limitation - 30% of Assessed Value 1,162,578,018

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$	115,575,000
Less: Assets in Debt Service Fund Available for Payment of Principal		<u>(8,565,992)</u>

Total Amount of Debt Applicable to Debt Limit		<u>107,009,008</u>
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Legal Debt Margin		<u><u>\$ 1,055,569,010</u></u>
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Class B General Obligation Bonds

Debt Limitation - the greater of 20% of the net full cash assessed valuation
or \$1,500 per student (ADM)

20% of secondary net assessed valuation	\$	775,052,011
\$1,500 per student (ADM) (\$1,500 * 42,060)		63,090,000

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$	115,575,000
Less: Assets in Debt Service Fund Available for Payment of Principal		<u>(8,565,992)</u>

Total Amount of Debt Applicable to Debt Limit		<u>107,009,008</u>
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Legal Debt Margin		<u><u>\$ 668,043,003</u></u>
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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2020	2019	2018	2017	2016
Class A and B Bonded Debt					
Debt Limit	\$ 1,162,578,018	\$ 1,097,690,763	\$ 1,029,432,513	\$ 986,901,647	\$ 943,987,892
Total 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>\$ 1,055,569,010</u>	<u>\$ 983,891,806</u>	<u>\$ 904,609,014</u>	<u>\$ 838,716,647</u>	<u>\$ 775,132,892</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	9.20%	10.37%	12.13%	15.02%	17.89%

	Fiscal Year				
	2020	2019	2018	2017	2016
Class B Bonded Debt					
Debt Limit	\$ 775,052,011	\$ 731,793,842	\$ 686,288,342	\$ 657,934,432	\$ 629,325,262
Total 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>\$ 668,043,003</u>	<u>\$ 617,994,885</u>	<u>\$ 561,464,843</u>	<u>\$ 509,749,432</u>	<u>\$ 460,470,262</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	13.81%	15.55%	18.19%	22.52%	26.83%

Source: The District's financial records for long-term debt.

Fiscal Year				
2015	2014	2013	2012	2011
\$ 908,609,638	\$ 908,806,923	\$ 979,295,034	\$ 1,021,780,283	\$ 1,135,197,539
183,665,000	197,970,000	235,045,000	270,675,000	306,905,000
<u>\$ 724,944,638</u>	<u>\$ 710,836,923</u>	<u>\$ 744,250,034</u>	<u>\$ 751,105,283</u>	<u>\$ 828,292,539</u>
20.21%	21.78%	24.00%	26.49%	27.04%

Fiscal Year				
2015	2014	2013	2012	2011
\$ 605,739,759	\$ 302,935,641	\$ 326,431,678	\$ 340,593,428	\$ 378,399,180
183,665,000	197,970,000	235,045,000	254,136,834	209,880,000
<u>\$ 422,074,759</u>	<u>\$ 104,965,641</u>	<u>\$ 91,386,678</u>	<u>\$ 86,456,594</u>	<u>\$ 168,519,180</u>
30.32%	65.35%	72.00%	74.62%	55.47%

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Estimated District Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>County Population</u>
2011	473,319	\$ 16,863,585	\$ 35,628	8.50	986,081
2012	475,382	17,478,170	36,767	7.40	990,380
2013	478,102	17,728,974	37,082	7.00	996,046
2014	533,796	20,153,303	37,755	6.40	1,007,162
2015	531,481	20,335,120	38,261	5.60	1,022,079
2016	528,706	20,986,836	39,695	5.00	1,016,743
2017	533,023	21,501,766	40,339	4.50	1,025,044
2018	537,566	22,475,960	41,811	4.30	1,033,781
2019	543,505	23,930,525	44,030	5.20	1,034,201
2020	546,576	24,845,159	45,456	8.00	1,044,675

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 from 2011 through 2018 the source of the information is the Arizona Office of Employment and Population

Statistics, aka Arizona Office of Economic Opportunity

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Employer	2020		2011	
	Employees	Percentage of Total Employment - 494,119	Employees	Percentage of Total Employment 485,800
Raytheon	12,606	2.55 %	10,500	2.16 %
University of Arizona	12,517	2.53	10,481	2.16
Banner Healthcare-UMC	7,500	1.52		
Davis Monthan	7,211	1.46	8,462	1.74
Pima County Government	6,937	1.40	6,403	1.32
Tucson Unified School District	6,872	1.39	6,709	1.38
State of Arizona	6,538	1.32	8,866	1.83
Wal-Mart Stores	4,564	0.92	7,308	1.50
Tucson Medical Center	4,482	0.91		
City of Tucson	4,025	0.81	4,930	1.01
US Army, Fort Huachuca			6,225	1.28
Freeport McMoran Copper & Gold Inc			4,803	0.99
Total	73,252	14.82	64,187	13.21

Source: The University of Arizona Interactive Fact Book and University Analytics & Institutional Research (UAIR), Pima Association of Governments (PAG), Economic and Business Research Center, Eller College of Management FY2020

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

Function	Full Time Equivalent Employees				
	2020	2019	2018	2017	2016
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
Total	<u>6,181</u>	<u>6,170</u>	<u>6,026</u>	<u>5,966</u>	<u>5,644</u>

Source: The District's Human Resources Department and Business and Finance Department.

Note 1: This data includes both vacant and filled positions.

Full-Time Equivalent Employees

2015	2014	2013	2012	2011
3,194	3,169	3,443	3,546	3,535
762	655	684	616	520
902	913	992	1,013	1,055
396	391	475	517	503
312	321	375	369	383
185	189	181	194	203
<u>5,751</u>	<u>5,638</u>	<u>6,150</u>	<u>6,255</u>	<u>6,199</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Enrollment (3)</u>	<u>Maintenance and Operating Expenditures (2)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (1)</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Free/Reduced Students</u>
2011	50,261	\$ 411,423,953	\$ 8,186	(1.09)%	3,535	14.22	68.6 %
2012	49,036	420,026,187	8,566	3.50	3,546	13.83	71.5
2013	48,342	412,148,139	8,526	4.15	3,443	14.04	72.0
2014	46,597	380,435,722	8,164	(4.68)	3,169	14.70	73.0
2015	45,802	379,294,386	8,281	1.43	3,194	14.34	74.9
2016	45,870	385,608,659	8,407	1.51	3,050	15.04	75.0
2017	44,560	417,338,188	9,366	11.41	3,163	14.09	71.0
2018	43,835	420,928,797	9,603	2.53	3,176	13.80	67.6
2019	42,484	432,714,635	10,185	6.07	2,842	14.95	63.9
2020	42,060	430,239,235	10,229	0.43	2,825	14.89	70.3

Source: The District's Finance Department.

- (1) Teacher Staff (FTE) includes all teaching positions filled and vacant.
(2) Includes expenditures of all funds except Debt Service and Capital Outlay.
(3) Enrollment is based on 100th day figures.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

Schools	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary										
Buildings	490	490	490	493	519	519	519	519	596	579
Square Feet	2,447,043	2,447,043	2,447,043	2,557,066	2,750,819	2,750,849	2,750,849	2,750,849	3,617,427	3,549,471
Capacity	28,950	28,950	28,950	26,220	31,600	31,600	31,600	31,600	36,490	32,370
Enrollment	18,132	21,366	20,479	21,543	22,095	22,619	22,619	22,619	23,231	28,231
Middle										
Buildings	126	125	125	126	126	126	126	126	126	120
Square Feet	1,825,448	1,732,852	1,732,852	1,823,702	1,823,702	1,823,702	1,823,702	1,823,702	1,943,292	1,726,343
Capacity	17,125	17,125	17,125	20,850	20,850	20,850	20,850	20,850	20,850	14,115
Enrollment	9,495	10,023	10,004	10,067	10,152	12,816	12,816	12,816	13,448	12,092
High										
Buildings	119	118	118	118	118	118	118	118	118	110
Square Feet	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	3,272,318
Capacity	21,575	21,575	21,575	21,575	21,575	21,575	21,575	21,575	21,575	18,670
Enrollment	13,760	14,166	14,088	14,253	14,214	14,404	14,404	14,404	14,647	16,790
Administrative										
Buildings	92	91	91	91	91	91	91	90	89	89
Square Feet	484,196	460,301	460,301	460,301	460,301	460,301	443,496	410,510	410,510	410,510
Other										
Buildings	104	104	104	104	92	93	94	94	28	28
Square Feet	506,841	506,841	506,841	506,841	559,201	428,082	453,143	453,143	113,288	113,288
Capacity	675	675	675	675	675	65	675	675	300	300
Enrollment	383	174	174	174	174	174	174	174	250	250
Transportation										
Garages	14	14	14	14	14	14	14	14	10	10
Buses	341	341	341	323	318	341	350	325	304	314
Athletics										
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 Fields	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 financial records.

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