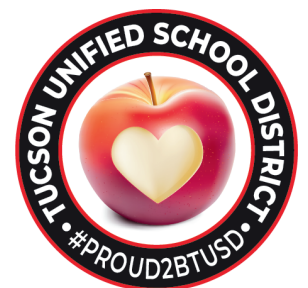




ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**



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

Tucson Unified School District No. 1

Tucson, Arizona

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024**

Issued by:
Financial Services Department

Tucson Unified School District No. 1

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Tucson Unified School District No. 1

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Introductory Section

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March 25, 2025

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

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Tucson Unified School District No. 1 (District) for the fiscal year ended June 30, 2024.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2024, 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, 2024, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the District

Discover TUSD: History, Tradition, Culture and YOU!

<https://youtu.be/lbGaH8olZcc>

Tucson Unified School District is the oldest school district in Arizona. The Pima County Board of Supervisors met on November 18, 1867, to officially establish School District No. 1 of Pima County, 45 years before Arizona became a State. The District's first class had an enrollment of 55 students. On July 1, 1977, marked the beginning of a new name: Tucson Unified School District, with the merger of Tucson Elementary School District and Tucson High School District. Over 150 years after that first class met, Tucson Unified provides a high-quality public education serving over 41,000 students from Pre-Kindergarten through grade 12. There are 88 schools that are spread over 230 square miles of the Tucson Metropolitan area and unincorporated areas of Pima County. The average age of school structures is 50 years.

As the largest school district in Southern Arizona and among the largest districts in the United States, Tucson Unified's 2023-24 student enrollment is approximately 82 percent from diverse racial and ethnic groups and speaking more than 90 world languages. The District offers extensive educational opportunities for students such as advanced learning experiences (ALE), career and technical education (CTE), gifted and talented education (GATE), award-winning fine and performing arts, bilingual and multicultural education. The District is composed of traditional comprehensive schools, magnet schools, flexible alternative programs customized to meet our students' needs. The newest addition to the District is the establishment of the Tucson Unified Virtual Academy (TUVA), which provides asynchronous and synchronous virtual instruction to any student in Pima County and across Arizona. TUVA graduated its first senior class this school year, and enrollment continues to be robust. The District is also a member of the Pima Joint Technical Education District (JTED), a career and technical education district that provides students with firsthand skills for their career or college path.

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

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

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

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

Factors Affecting Financial Condition

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

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

Tucson is known for renowned events, which includes the Tucson Gem, Mineral and Fossil Show, the Tucson Festival of Books, El Tour de Tucson, La Fiesta de Los Vaqueros, the Tucson International Mariachi Conference, and the Arizona Bowl. The Tucson Metropolitan Statistical Area (MSA) increased its population by 1.0% in 2024, which ranked fourth out of 12 western MSA; only surpassed by Austin and San Antonio. The Tucson MSA is home to approximately 1.0 million residents. The Great Recession of 2008 had a significant impact on the Tucson MSA, with a decline in the GDP by 6.6%. The Eller Economic and Business Research Center indicated that the Tucson MSA's GDP decline was far more significant than the national average. However, by 2018, the GDP grown in the Tucson MSA was 3.6%, which was substantial improvement compared to the years of economic stagnation after the recession. Overall, Tucson's economic resilience during the pandemic was highlighted by a quick recovery in certain sectors, despite challenges in professional and business services.

At the height of the COVID-19 pandemic, Tucson had a modest decline in total GDP, which rebounded by 7.7%, in 2022. The 2023 GDP estimate for Tucson indicates a real GDP growth of about 2.1%, reflecting modest economic activity within the region. This is aligned with the broader Arizona economy, though Tucson's specific growth is influenced by its unique economic drivers, particularly government and military spending and the presence of The University of Arizona, an R1 institution. Similarly, Tucson continues to experience notable growth in non-farm jobs., which had a 1.6% post-pandemic growth. The non-farm, seasonally adjusted payroll jobs in Tucson grew by 1.3%, by the end of the 2024 fiscal year compared to the prior year. This is a modestly smaller growth below Arizona's statewide growth of 1.9%.

State funding. The fiscal year 2023-24 budget adopted by the State Legislature included more modest increases to the Base Support Level than the prior fiscal year. The Base Support Level was increased by 2.92%, which included the statutorily required 2% inflationary increase for all public schools. The per pupil allocation for Capital funding received a 4.35% increase, which was its second of a planned three-year increase. This growth in Capital funding provided the District with much needed capacity to focus on the instructional capital needs of the District, primarily through three new adoptions in core content areas – the first in two decades.

The added student weight for students who are eligible for free-and-reduced priced lunch through the National School Lunch program, received its second of three annual increases. This was an investment of \$13.0 million across public schools, the District's share was over \$3.3 million with a growth of \$900,000 from the prior fiscal year. The Governor and the Legislature agreed that with a significant surplus of one-time funds, the State allocated approximately \$300 million in one-time supplemental state aid to school districts. The District benefited from this one-time supplement with a payment of \$10.8 million. This provided the District with an opportunity to focus these funds one-time expenditures related to instructional capacity through staffing and instructional aids. Due to the one-time nature of the funding, the District committed to ensuring that these funds were not used for on-going commitments.

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

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

Tucson Unified's ESSER grant program is scheduled for expiration by September 30, 2024. By the end of the 2024 fiscal year, the District had completed the full adoption of winddown plans regarding staffing and programming that was pursued via ESSER. Some of these wind-down initiatives began as early as the beginning of the 2023 fiscal year. It is expected that the District will spend over 99.5% of all ESSER funds awarded.

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

A. Five-Year Strategic Plan:

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

B. Comprehensive Curriculum:

The Curriculum & Instruction Department developed a comprehensive curriculum in each subject area. The work began in 2013-14 school year with an aggressive push to develop a written curriculum aligned to standards and appropriate for systematic deployment. The 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, English language learner 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.

As a result of the COVID-19 pandemic, the District procured a new learning management system (LMS), Canvas, to facilitate manage, deliver and measurement of the District's learning programs, both virtual and in-person. The implementation of Canvas was completed in the 2021-22 school year. Canvas is fully integrated as part of daily instruction and is synchronized with the District's student information system, Synergy. While the impetus to procure a new LMS was spawned from the need to provide remote instruction during the height of the pandemic, the integration of this new system is not only a foundational element of classroom instruction, but the resources and support behind have become integral to the District's comprehensive curriculum and instruction models.

C. Technology

The COVID-19 pandemic reinforced the District's need to increase its efforts on technology infrastructure investments. The pandemic pressed the District to become a 1-to-1 student-to-laptop district. This was a crucial component for transitioning to a fully remote learning experience at the height of the pandemic. In addition to deploying laptops, the District made Internet hotspot devices who lacked Internet access at home.

Once in-person learning began in earnest, student laptops become an integral part of daily instruction. The District redoubled its efforts to improve network infrastructure to accommodate the increased demand from incorporating technology as part of every classroom. The initiative was primarily funded with a combination of ESSER and Emergency Connectivity Fund (ECF) grants. The District incorporated this initiative into the District's November 2023 bond program to help sustain this initiative well beyond the pandemic. The District continues to provide Internet hotspots to students who are identified as needing access to the Internet from home. With the expiration of ECF and free programs from Internet service providers, the District identified funds to sustain limited access points to the most disadvantaged students.

In January 2023, the District was the victim of a cybersecurity incident that allowed an unauthorized actor to access portion of the District's network. The District was unable to access various components of its network, which included the District's enterprise resource planning (ERP) system, its student information system, the Internet, and file servers. The District's financial assets such as bank and investment accounts were never compromised, and no funds were ever accessed. The District was able to restore access to all these critical systems within two weeks from the discovery of the attack. The District worked with its cyber liability insurance providers to conduct a full investigation as to the extent of the attack. Several industry level security measures were implemented to harden access to critical systems and all major systems were moved from an on-premises server environment to cloud-based servers with various backup and security features. The full cyber attack investigation was completed by July 2023, and individuals whose personally identifiable information was potentially comprised were notified according to Federal and State laws and regulations. Ultimately, the District's assets remained intact.

D. Desegregation Order:

Since 1978, the Tucson Unified School District operated under the vestiges of a Desegregation Order (Fisher and Mendoza vs. Tucson Unified School District). The District achieved Unitary Status in 2008. However, in 2011, the Plaintiffs prevailed in an appeal to the U.S. Court of Appeals for the Ninth Circuit, and the District was placed under federal court supervision once again. The District continued to work on its Post-Unitary Status Plan (PUSP).

The District continued to operate under a Unitary Status Plan (USP) through the fiscal year that ended on June 30, 2022. Although the District was under court supervision from 1978 until 2008, when it was declared unitary and federal court supervision ended and placed under a Post-Unitary Status Plan (PUSP). In 2011, Plaintiffs applied to the U.S. Court of Appeals for the Ninth Circuit and the District was placed under federal court supervision. On July 19, 2023, the U.S. District Court in Arizona officially declared the District to be unitary, once again ending federal court supervision. The District will continue to operate under a post-unitary status plan (PUSP). However, supervision of desegregation-related activities will now be under the purview of the elected Governing Board. The District will continue to demonstrate its commitment to diversity, equity, and inclusion in all its educational programs.

Arizona Revised Statutes, Section 15-910, Paragraph G authorizes a school district to collect local property taxes to fund effort to comply with desegregation orders and agreements with the Office for Civil Rights (OCR) at the U.S. Department of Education. 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. Finally, although the District is operating under a PUSP, the local property tax is only able to pay for programs and activities that existed before court supervision ended.

E. 2023 School Improvement Bond Program

The voters of Tucson Unified approved a \$480.0 million school improvement bond in November 2023. This bond measure is the first successful voter-approved financing initiative in the District in over 20 years. The program includes five overarching components: repairs and upgrades to existing facilities; improvements to classrooms and learning spaces; health, security and safety; access to updated technology; and student transportation and support vehicles. This bond program will enable the District to make a significant capital investment to its aging infrastructure. The District maintains over 9.0 million square feet of buildings and the current funding provided by the State has been insufficient to maintain schools at levels that should support the education of District students and support services. From 2009 through 2020, the District experienced a reduction in State capital funding totaling over \$161.1 million. The District does not expect to ever recoup the State capital funding losses. The bond proceeds will fund improvements throughout Tucson Unified, with 95% invested in projects at every neighborhood school to improve learning spaces and support our students' academic achievement.

The District issued \$150.0 million in bonds in April 2024, and the first wave of projects began in May 2024. The Governing Board also appointed a 13-member citizen's Bond Oversight Committee to provide stewardship and guidance of the investments of bond funds. The program will continue to provide much needed investments for at least the next 10 years, which will allow the District to refocus its efforts on instructional capital and other financial needs.

F. General Fund Efficiency Measures:

The District utilizes a staffing allocation standard for fund positions and operations at each of its schools. The standards have been further refined to include Standard funds and supplemental allocations from other available funding sources. The new standards have reallocated the available resources in a more equitable manner, focused on student achievements and improving the student learning experience across all schools. Initiatives that either began in the 2023-24 year, or are currently under way are:

- The Enrollment Recovery Taskforce shifted its mission from a focus on evaluating the enrollment and attendance data to action-oriented items. This included hiring a vendor to support the District's efforts to recruit and retain students, while also working to collect information from families who have left the District altogether. This will allow the District to refocus its strategic priorities around the data collected from these families.
- In Fiscal Year 2023-24, the District experienced a decline of 2% of its student's enrollment compared to the prior fiscal year. This was the second year in a row since the end of the pandemic that the District has experienced a decline. However, as in the last fiscal year, the decline was on par with the overall decline of the student-aged population across Pima County. The continuous expansion of the universal empowerment scholarship accounts (ESA), commonly known as vouchers, continues to disincentivize families from leaving a private school setting for a public school one.
- The District continued its expanded summer school and summer credit recovery programs an ongoing focal point in the extended learning opportunities to our students.
- The District's Procurement Card (pCard) initiative continues to be a success on two fronts. First, the pCard program allowed the District to streamline accounts payable operations and reduction operational overhead costs. Moreover, 9 out of 10 accounts payable transactions are performed using a pCard versus the traditional check method. Second, the District's use of a shared revenue feature of the pCard program has generated approximately \$5.0 million by the close of fiscal year 2023. Proceeds from these revenues have provided the District with the opportunity to provide supplemental support to fine arts, Interscholastics, and other extracurricular activities and opportunities for students.
- With the advent of the COVID-19 pandemic, the District's minimum carryforward contingency policy provided the District with stability and predictability in its finances. The District is required to maintain a minimum of 1% capacity, but in fiscal year 2024, the District continued to exceed this threshold.
- With the loss of ESSER III funds by the end of the 2023-24 fiscal year, the District Governing Board adopted a proposed plan to reallocate funding for the upcoming fiscal year from existing resources to retain academic intervention positions that had the greatest impact on academic achievement. Principals and department directors were able to absorb all other existing positions within their current budgets or individuals were able to find placements in other position vacancies.

- In October 2019, Tucson Unified was one of several bellwether school districts across the country that participated in class action lawsuits against JUUL Labs, Inc and Altria Group, Inc. In June 2023, the parties reached a settlement for both lawsuits. In August 2023, the District received a settlement payment of \$3.0 million. Earlier in the year, the District also settled with JUUL Labs for over \$10.6 million. As a result, these settlements will be used by the District to implement recommendations from a task force focused on substance abuse reduction and prevention in district schools.
- In January 2024, the Health and Nutrition Services Unit at the Arizona Department of Education determined that Tucson Unified was eligible to become a Community Eligibility Provision (CEP) District. The CEP is a component of the National School Lunch Program (NSLP), which enables all students in the District - regardless of income – to receive a free breakfast and lunch across all 87 schools. Prior to the Districtwide implementation of CEP, there were 60 schools that were eligible and already provided the free benefit to students attending only these schools. This now eliminates the need for the District to collect fees from families to participate in any of the District’s meal programs.
- The District proposed a new instructional model in a limited number of elementary schools. The pilot program, which will be implemented in the 2024-25 school year, and will add a 6th grade to these schools. These schools have had a significant decline in the number of students who promote to a 6th grade in a District middle school. By affording the option to keep these students at their elementary for an additional school, it would allow the transition to middle school to be easier and potentially yield fewer loss between elementary and middle school.

G. Other Major Initiatives:

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

- Expansion of the Multi-Tiered System of Support (MTSS) positions at every school in the District
- Retention ESSER Reading & Math Interventionists in K-8 schools with other district funding.
- Expansion of the Arizona Seal of Biliteracy Awards to graduating seniors across 4 languages
- Growth of Tucson Unified Virtual Academy (TUVA) as a standalone online school
- Second year cohort of the Leadership Preparation Academy (LPA) as an aspiring school principal or assistant principal preparatory pipeline for TUSD teachers.
- “Graduated” the first cohort from the TUSD Teacher Development Academy (TDA) as an alternative certification pathway for individuals to become District teachers.
- Sustained the District’s BBB+/Positive Outlook ratings for the 2nd year in a row.
- Expansion of Title I funding to 86 of 88 schools in TUSD
- Designation as an AVID National Demonstration School at Utterback Middle School

Awards and Acknowledgment

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the thirty-ninth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2023. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2024 certificates.

Tucson Unified is proud to create excellent learning opportunities for all of our students who choose to be a part of the District. The District has established numerous programs in our schools to embrace and challenge all of our kindergarten through 12th grade students. During the 2023-24 school year, the following recognitions have been awarded across the District:

- Four schools awarded \$1.9 million from the 21st Century Community Learning Centers Grant
- Alicia Wong from Rincon High School received Chicanos Por La Causa Latino Teacher Award
- Mariachi Aztlán de Pueblo High School participated in U.S. Capital's 4th of July Parade
- Tucson Unified awarded the Arizona State Seal of Arts Proficiency
- Four District schools named AVID Sites of Distinction: Catalina High School, Cholla High School, Doolen Middle School and Utterback Middle School.
- Las Aguilas de Davis Bilingual Magnet School featured on *Good Morning, America* for Hispanic Heritage Month
- Nine TUSD high school students named "2023 Young Women of Impact" by the University of Arizona
- In 2023, TUSD hired and placed 56 new international teachers, with half in Exceptional Education classrooms.
- Sabino High School football team won the 3A State High School Football Championship
- Donation of \$20,500 towards eliminating student lunch debt from *All for Lunch*.
- Three Awards of Excellence in Publications & Electronic Media from the *Arizona School Public Relations Association* to the TUSD Communications Department.
- Six Awards of Merit for Publication & Electronic Media from the *Arizona School Publications Association* to the TUSD Communications Department.
- Rincon High School student honored as the 2024 Mark Irvin City of Tucson Youth of the Year Winner and the Arizona State Youth of the Year Winn from the Boys & Girls Clubs of Tucson.
- Dodge Traditional Magnet Middle School Student named the 2024 Pima County Champion Speller of the Year at the 2024 Pima County Spelling Bee.
- John E. White Elementary School Student named the 2024 Tucson Junio Rodeo Touch Calf Champion
- Dodge Traditional Magnet Middle School Student won the Junior Varsity League Champion from the Arizona Schools for the Deaf and Blind Braille Challenge

- The Tucson Unified and University of Arizona School Gardens Workshop received a \$1.0 million donations from the *Sprouts Healthy Communities Foundation* for the construction of the “Sprouts House” – an educational center on school gardening projects.
- Magee Middle School Odyssey of the Mind team reached the world finals for the 21st year in a row and placed 3rd in their division.
- Rincon High School student named the 2024 Jim & Robbie Dick Memorial Social Justice Scholarship recipient by the Iskashitaa Refugee Network.
- Dr. Rosalinda Rodríguez, principal at Wheeler Elementary School, received the ASA Elementary Distinguished Principal of the Year Award by the Arizona Association of Administrators.
- Dr. Flori Huitt, assistant superintendent of curriculum and instruction, received the ASA Outstanding Dissertation Award from the Arizona School Administrators Association.
- Tucson Unified officially recognized Juneteenth as a District holiday beginning in June 2024.
- Ricky Hernández, chief financial officer of the District, earned the designation of Certified Administrator of School Finance and Operations (SFO) from the Association of School Business Officials International.
- Two University High School students selected as National Merit Scholarship Winners
- Roberto Cruze, senior coordinator in Advanced Learning Experiences Department, earned the 40 Under 40 Award from the Tucson Hispanic Chamber of Commerce.
- José Noperi, Jr, from Valencia Middle School, received the March 2024 Teacher Excellence Award, from Tucson Values Teachers.
- Four schools – Borton Elementary Magnet, Carrillo K-5 Magnet, Holladay Visual and Performing Arts Magnet, and Mansfeld Middle Magnet School – all named 2024 Merit Schools of Excellence by the Magnet Schools of America.
- Two schools – Drachman Montessori K-8 Magnet School and Tucson High Magnet School – selected as 2024 Merit Schools of Distinction by the Magnet Schools of America.
- Two students from Pueblo and University High Schools named the 2024 Flinn Scholars by the Flinn Foundation.
- University High School student named 2024 U.S. Presidential Scholar

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

- New letter grades showed dramatic improvement and academic growth across TUSD:
 - 53 schools achieved a grade of an “A” or “B”, which is the largest percentage of A-B rated schools in the letter grade era.
 - 26 school carry the letter grade of a “C.” This is the first time that A-B related schools outnumber C-rated schools.
 - Only 4 schools remain with a grade of a “D” and no schools were rated as F. In comparison to the 2016-17 school year, there were 26 “D” or “F” rated schools.
 - Finally, for the first time, the Tucson Unified achieved a District rating of a “B” from the Arizona Department of Education.
- Ongoing expansion of the District’s credit recovery programs at all District high schools.
- The opening of a new wing at Innovation Tech High School focusing on health sciences.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,



Dr. Gabriel Trujillo
Superintendent



Ricky D. Hernández
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Tucson Unified School District No. 1

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

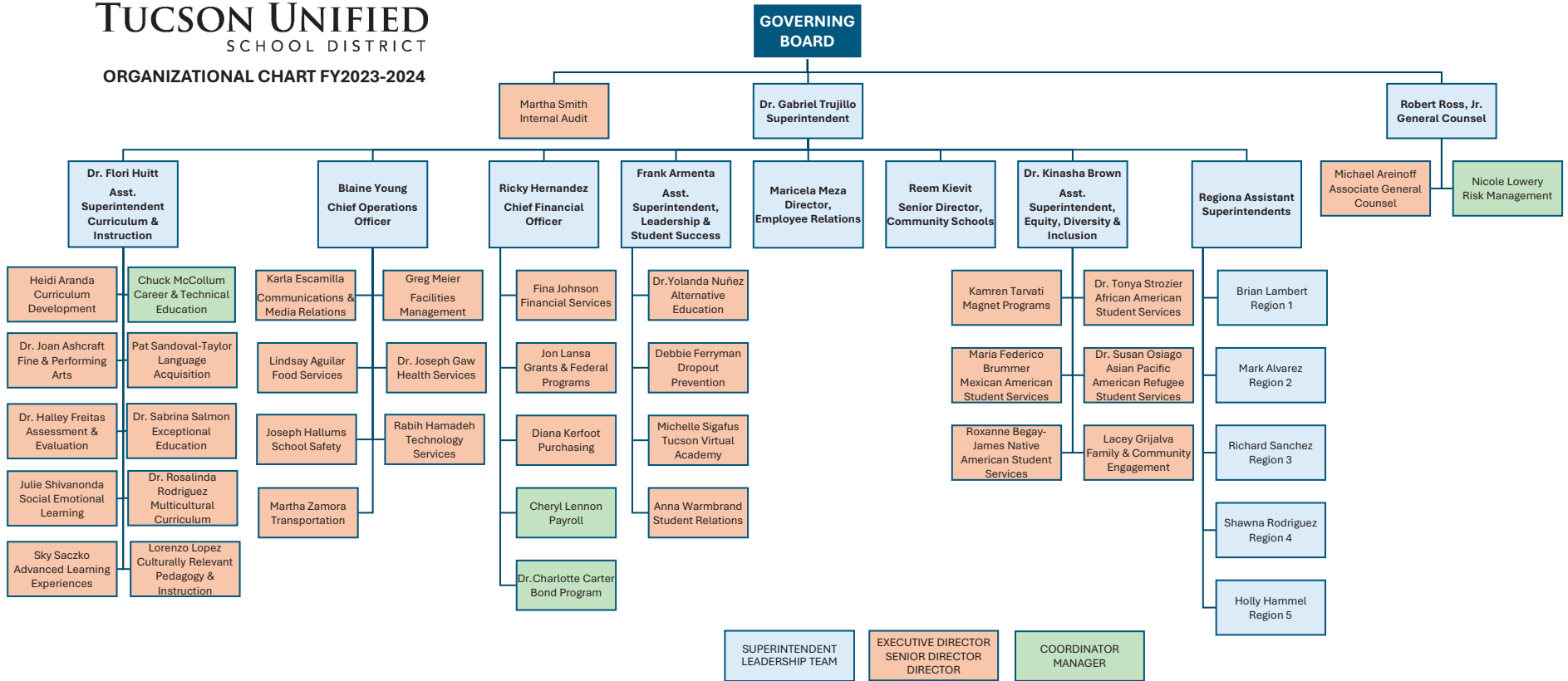
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

TUCSON UNIFIED
SCHOOL DISTRICT
ORGANIZATIONAL CHART FY2023-2024



Tucson Unified School District No. 1

List of Principal Officials

Governing Board

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

Administrative Staff

Dr. Gabriel Trujillo
Superintendent

Regional Assistant Superintendents

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

Assistant Superintendents

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

Business and Operations

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

Legal Services

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

Financial Section

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Independent Auditor's Report

Governing Board
Tucson Unified School District No. 1

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tucson Unified School District No. 1 (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tucson Unified School District No. 1, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Tucson Unified School District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of Tucson Unified School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tucson Unified School District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tucson Unified School District No. 1's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
March 25, 2025

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

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Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

As management of the Tucson Unified School District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The District's total net position of governmental activities decreased \$20.1 million which represents a five percent decrease from the prior fiscal year as a result of changes in pension liability.
- General revenues accounted for \$439.2 million in revenue, or 71 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$177.1 million or 29 percent of total current fiscal year revenues.
- The District had approximately \$636.4 million in expenses related to governmental activities, an increase of four percent from the prior fiscal year primarily due to increased pension expense.
- Among major funds, the General Fund had \$400.7 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$412.4 million in expenditures. The General Fund's fund balance increase from \$84.5 million at the prior fiscal year end to \$88.7 million at the end of the current fiscal year was primarily due to an increase in state equalization due to an increase in the funding formula adopted by the state legislature.
- Net position for the Internal Service Funds increased \$5.0 million from the prior fiscal year. Operating revenues of \$44.7 million exceeded operating expenses of \$41.2 million at the end of the current fiscal year.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Overview of Financial Statements

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

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

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

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

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

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

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

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Overview of Financial Statements

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Federal and State Grants, and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Overview of Financial Statements

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$360.1 million at the current fiscal year end.

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

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Government-Wide Financial Analysis

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2024 and June 30, 2023.

	As of June 30, 2024	As of June 30, 2023
Current and other assets	\$ 402,709,682	\$ 251,033,901
Capital assets, net	638,675,420	636,870,059
Total assets	<u>1,041,385,102</u>	<u>887,903,960</u>
Deferred outflows	<u>77,030,295</u>	<u>76,736,106</u>
Current and other liabilities	32,964,120	47,564,505
Long-term liabilities	693,739,334	511,551,844
Total liabilities	<u>726,703,454</u>	<u>559,116,349</u>
Deferred inflows	<u>31,635,205</u>	<u>25,339,077</u>
Net position:		
Net investment in capital assets	547,248,548	532,560,007
Restricted	86,964,854	66,217,962
Unrestricted	<u>(274,136,664)</u>	<u>(218,593,329)</u>
Total net position	<u>\$ 360,076,738</u>	<u>\$ 380,184,640</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$274.1 million as a result of an unfunded pension liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

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

- The issuance of \$136.0 million of general obligation bonds and \$14.9 million of bond premium.
- The principal retirement of \$11.5 million of bonds and \$2.0 million of bond premium.
- The principal retirement of \$2.7 million of financed purchases.
- The principal retirement of \$3.4 million of leases and SBITAs.
- The addition of \$32.8 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The depreciation/amortization of existing assets resulting in the addition of \$29.3 million in accumulated depreciation/amortization.
- The increase of \$26.9 million in pension liabilities.
- The issuance of \$2.1 million of leases and SBITAs.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

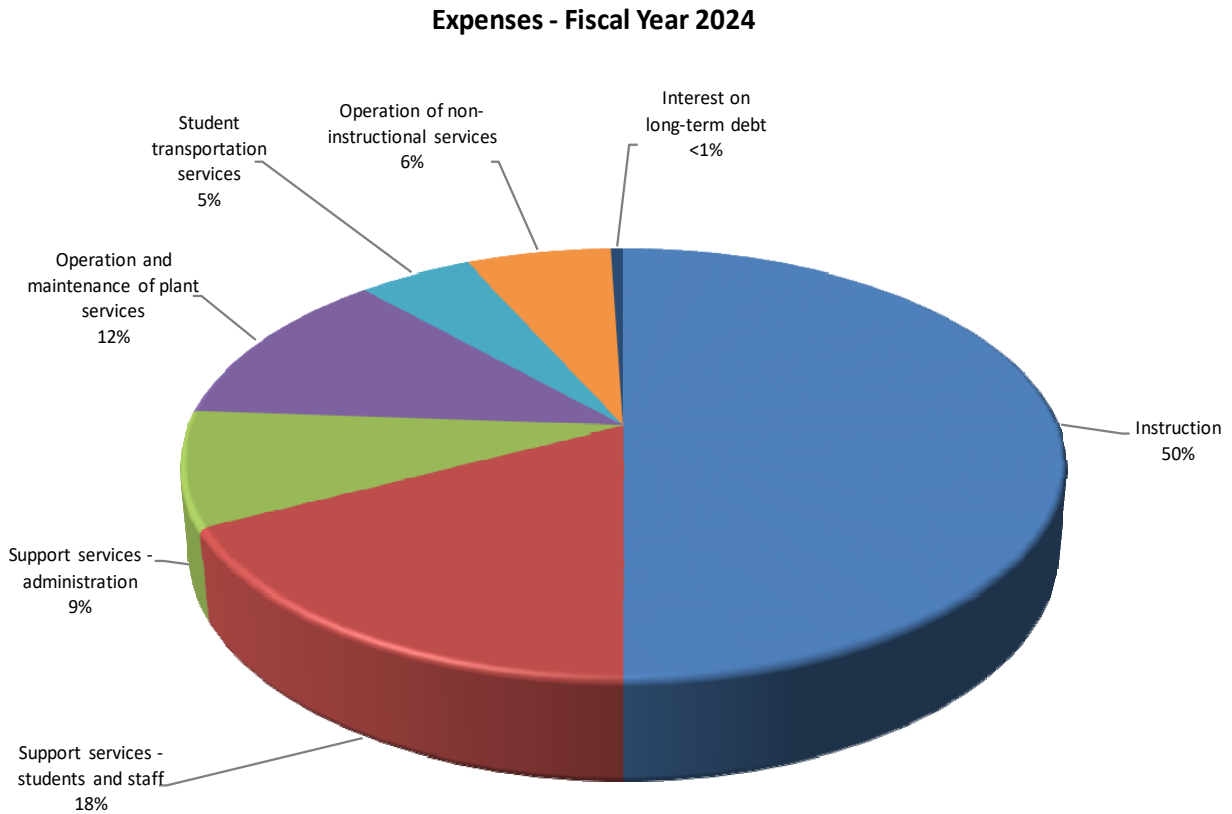
Government-Wide Financial Analysis

Changes in net position. The District's total revenues for the current fiscal year were \$616.3 million. The total cost of all programs and services was \$636.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
Revenues:		
Program revenues:		
Charges for services	\$ 12,701,591	\$ 13,255,863
Operating grants and contributions	141,713,818	190,238,414
Capital grants and contributions	22,723,086	44,866,682
General revenues:		
Property taxes	178,469,126	197,256,241
Investment income	5,989,923	2,660,543
Unrestricted state aid	247,188,538	229,000,428
Unrestricted federal aid	7,508,911	5,122,889
Total revenues	<u>616,294,993</u>	<u>682,401,060</u>
Expenses:		
Instruction	318,112,481	314,031,930
Support services - students and staff	111,650,731	99,430,592
Support services - administration	54,633,312	50,784,823
Operation and maintenance of plant services	77,092,382	74,205,351
Student transportation services	31,612,231	33,767,346
Operation of non-instructional services	40,051,368	38,551,420
Interest on long-term debt	3,250,390	3,835,592
Total expenses	<u>636,402,895</u>	<u>614,607,054</u>
Excess (deficiency) before special item	(20,107,902)	67,794,006
Special item - Gain on sale of asset		906,010
Changes in net position	(20,107,902)	68,700,016
Net position, beginning	<u>380,184,640</u>	<u>311,484,624</u>
Net position, ending	<u><u>\$360,076,738</u></u>	<u><u>\$380,184,640</u></u>

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Government-Wide Financial Analysis



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

- The decrease of \$48.5 million in operating grants and contributions and decrease of \$22.1 million in capital grants and contributions was due to decreased availability of COVID-19 Education Stabilization funding due to utilization in prior years.
- The decrease in property tax revenues and the increase in state aid is a result of the following factors: a decrease in the qualifying tax rate resulting in an increase in state aid and a four percent increase in the District's net assessed valuation resulting in a decrease in the taxes collected for Desegregation and debt service.
- The increase of \$12.2 million in support services students and staff was primarily due to increased pension expense due to an increase in the net pension liability.

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

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Government-Wide Financial Analysis

	Year Ended June 30, 2024		Year Ended June 30, 2023	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 318,112,481	\$ (245,729,083)	\$ 314,031,930	\$ (187,105,943)
Support services - students and staff	111,650,731	(77,425,140)	99,430,592	(50,424,560)
Support services - administration	54,633,312	(49,201,426)	50,784,823	(44,932,697)
Operation and maintenance of plant services	77,092,382	(51,513,205)	74,205,351	(45,926,146)
Student transportation services	31,612,231	(30,014,640)	33,767,346	(31,636,438)
Operation of non-instructional services	40,051,368	(2,711,514)	38,551,420	(3,052,709)
Interest on long-term debt	3,250,390	(2,669,392)	3,835,592	(3,167,602)
Total	<u>\$ 636,402,895</u>	<u>\$ (459,264,400)</u>	<u>\$ 614,607,054</u>	<u>\$ (366,246,095)</u>

- The cost of all governmental activities this year was \$636.4 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$177.1 million.
- Net cost of governmental activities of \$459.3 million was financed by general revenues, which are made up of primarily property taxes of \$178.5 million and state aid of \$247.2 million.

Financial Analysis of the District's Funds

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$264.1 million, an increase of \$160.6 million due to unexpended bond proceeds in the Build Building Fund from the issuance of \$136.0 million in school improvement bonds and \$14.9 million of bond premium to be used for repairs and renovations, and technology and vehicle purchases.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Financial Analysis of The District's Funds

The General Fund comprises 34 percent of the total fund balance. Approximately \$79.9 million, or 90 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$4.2 million to \$88.7 million as of fiscal year end was a result of an increase in state equalization funding due to an increase in the funding formula adopted by the state legislature. General Fund revenues increased \$14.7 million as a result of an increase in state equalization funding due to an increase in the funding formula adopted by the state legislature. Fund expenditures increased \$39.7 million as a result of overall salary and wage increases.

The Federal and State Grants Fund's fund balance decreased \$3.5 million to a deficit of \$32.5 million at fiscal year as a result of pending federal grant reimbursements outstanding at year end. The Federal and State Grants Fund revenues decreased \$49.5 million and expenditures decreased \$85.2 million due to the decrease in the availability of COVID-19 federal funding utilized in prior years.

The Bond Building Fund's fund balance increased to \$147.5 million at fiscal year as a result of unexpended bond proceeds from issuance of \$136.0 million in school improvement bonds and \$14.9 million of bond premium to be used for repairs and renovations, and technology and vehicle purchases. Bond Building Fund revenues were \$1.3 million representing interest earned on bond proceeds. Bond Building expenditures were \$3.5 million from the commencement of bond projects and bond issuance costs.

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$34.6 million. The increase of \$5.0 million from the prior fiscal year was primarily due to increased employee contributions, medical rebates, and additional investment income.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$7.5 million increase, or two percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant favorable variance of \$30.0 million in instruction million was a result of available COVID-19 federal funding that covered a portion of personnel costs.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$1.2 billion in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$27.6 million from the prior fiscal year, primarily due to school improvement construction and vehicle purchases. Total depreciation/amortization expense for the current fiscal year was \$29.3 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2024 and June 30, 2023.

	As of June 30, 2024	As of June 30, 2023
Capital assets - non-depreciable	\$ 48,427,322	\$ 40,478,897
Capital assets - depreciable, net	590,248,098	596,391,162
Total	<u>\$ 638,675,420</u>	<u>\$ 636,870,059</u>

The estimated cost to complete current construction projects is \$216.4 million.

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

Debt Administration. At year end, the District had \$240.1 million in long-term debt outstanding, \$26.9 million due within one year. Long-term debt increased by \$133.5 million due to the issuance of \$136.0 million in school improvement bonds and \$14.9 million of bond premium.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$1.5 billion and the Class B debt limit is \$1.0 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 8 through 12.

Tucson Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

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 2024-25 budget. Among them:

- Fiscal year 2024-25 budget balance carry forward (estimated \$28.0 million).
- District student population (estimated 37,421).

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

Budgeted expenditures in the General Fund decreased four percent to \$388.0 million in fiscal year 2024-25. District student population is the primary reason for the decrease. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2024-25 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Tucson Unified School District No. 1; 1010 East 10th Street; Tucson, Arizona 85619.

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Basic Financial Statements

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Government-Wide Financial Statements

Tucson Unified School District No. 1
Statement of Net Position
June 30, 2024

	Governmental
	Activities
Assets	
Current assets:	
Cash and investments	\$ 276,586,492
Property taxes receivable	4,502,219
Accounts receivable	1,444,355
Contributions receivable	3,016,672
Due from governmental entities	88,732,008
Inventory	4,045,685
Leases receivable	10,323,733
Total current assets	<u>388,651,164</u>
Noncurrent assets:	
Net other postemployment benefit plan assets	14,058,518
Capital assets not being depreciated	48,427,322
Capital assets, net accumulated depreciation	585,465,716
Right-to-use assets, net accumulated amortization	4,782,382
Total noncurrent assets	<u>652,733,938</u>
Total assets	<u>1,041,385,102</u>
Deferred outflows of resources	
Deferred charge on refunding	1,257,405
Pension plan items	74,785,193
Other postemployment benefit plan items	987,697
Total deferred outflows of resources	<u>77,030,295</u>
Liabilities	
Current liabilities:	
Accounts payable	16,472,660
Claims payable	4,157,517
Accrued payroll and employee benefits	15,918,318
Unearned revenues	573,142
Compensated absences payable	3,264,354
Financed purchases payable	2,746,546
Leases payable	760,677
SBITA payable	1,176,671
Bonds payable	22,240,000
Total current liabilities	<u>67,309,885</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	659,393,569
Total noncurrent liabilities	<u>659,393,569</u>
Total liabilities	<u>726,703,454</u>
Deferred inflows of resources	
Pension plan items	15,204,644
Other postemployment benefit plan items	6,599,653
Leases	9,830,908
Total deferred inflows of resources	<u>31,635,205</u>
Net position	
Net investment in capital assets	547,248,548
Restricted for:	
Instruction	37,132,680
Food service	4,806,144
Non-instructional purposes	13,748,298
Debt service	14,271,192
Capital outlay	2,948,022
Other postemployment benefit plan assets	14,058,518
Unrestricted	<u>(274,136,664)</u>
Total net position	<u>\$ 360,076,738</u>

Tucson Unified School District No. 1
Statement of Activities
For the Year Ended June 30, 2024

					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Program Revenue			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 318,112,481	\$ 6,918,519	\$ 58,589,245	\$ 6,875,634	\$ (245,729,083)
Support services - students and staff	111,650,731	1,304,656	32,920,935		(77,425,140)
Support services - administration	54,633,312	1,441,030	3,990,856		(49,201,426)
Operation and maintenance of plant services	77,092,382	1,507,110	11,095,416	12,976,651	(51,513,205)
Student transportation services	31,612,231	110,899	1,486,692		(30,014,640)
Operation of non-instructional services	40,051,368	1,419,377	33,049,676	2,870,801	(2,711,514)
Interest on long-term debt	3,250,390		580,998		(2,669,392)
Total governmental activities	<u>\$ 636,402,895</u>	<u>\$ 12,701,591</u>	<u>\$ 141,713,818</u>	<u>\$ 22,723,086</u>	<u>(459,264,400)</u>
General revenues					
Property taxes					178,469,126
Investment income					5,989,923
Unrestricted state aid					247,188,538
Unrestricted federal aid					7,508,911
Total general revenues					<u>439,156,498</u>
Changes in net position					(20,107,902)
Net position, beginning of year					<u>380,184,640</u>
Net position, end of year					\$ 360,076,738

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Fund Financial Statements

Tucson Unified School District No. 1
Balance Sheet
Governmental Funds
June 30, 2024

	General	Federal and State Grants	Bond Building	Non-Major Governmental Funds
Assets				
Cash and investments	\$ 32,106,018	\$	\$ 149,496,402	\$ 57,884,162
Property taxes receivable	4,136,252			365,967
Accounts receivable	1,130,627			177,471
Due from governmental entities	39,247,654	42,188,533		7,295,821
Due from other funds	35,973,412			
Inventory	2,556,925			1,488,760
Leases receivable				10,323,733
Total assets	<u>\$ 115,150,888</u>	<u>\$ 42,188,533</u>	<u>\$ 149,496,402</u>	<u>\$ 77,535,914</u>
Liabilities				
Accounts payable	\$ 8,411,002	\$ 919,164	\$ 2,033,069	\$ 5,109,425
Due to other funds		35,258,167		715,245
Accrued payroll and employee benefits	14,315,287	1,303,480		299,551
Unearned revenues	421,802	151,340		
Total liabilities	<u>23,148,091</u>	<u>37,632,151</u>	<u>2,033,069</u>	<u>6,124,221</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	3,038,338			261,945
Unavailable revenues - intergovernmental	255,868	37,088,426		838,513
Leases				9,830,908
Total deferred inflows of resources	<u>3,294,206</u>	<u>37,088,426</u>	<u></u>	<u>10,931,366</u>
Fund balances				
Nonspendable	2,556,925			1,488,760
Restricted	6,232,310		147,463,333	60,366,939
Unassigned	79,919,356	(32,532,044)		(1,375,372)
Total fund balances	<u>88,708,591</u>	<u>(32,532,044)</u>	<u>147,463,333</u>	<u>60,480,327</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 115,150,888</u>	<u>\$ 42,188,533</u>	<u>\$ 149,496,402</u>	<u>\$ 77,535,914</u>

**Total
Governmental
Funds**

\$ 239,486,582
4,502,219
1,308,098
88,732,008
35,973,412
4,045,685
10,323,733
\$ 384,371,737

\$ 16,472,660
35,973,412
15,918,318
573,142
68,937,532

3,300,283
38,182,807
9,830,908
51,313,998

4,045,685
214,062,582
46,011,940
264,120,207

\$ 384,371,737

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Tucson Unified School District No. 1
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances - governmental funds **\$ 264,120,207**

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

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

Governmental capital assets	\$ 1,190,302,664	
Less accumulated depreciation/amortization	<u>(551,627,244)</u>	
		638,675,420

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

Property taxes	3,300,283	
Intergovernmental	<u>38,182,807</u>	
		41,483,090

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		1,257,405
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Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions/OPEB	75,772,890	
Deferred inflows of resources related to pensions/OPEB	<u>(21,804,297)</u>	
		53,968,593

The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.		14,058,518
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The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.		34,559,803
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(18,156,728)	
Financed purchases payable	(14,423,015)	
Leases payable	(1,997,690)	
SBITAs payable	(2,489,586)	
Bonds payable	(221,237,319)	
Net pension liability	<u>(429,741,960)</u>	
		<u>(688,046,298)</u>

Net position of governmental activities **\$ 360,076,738**

Tucson Unified School District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Federal and State Grants	Bond Building	Non-Major Governmental Funds
Revenues				
Other local	\$ 7,021,524	\$ 18	\$ 1,329,493	\$ 14,370,291
Property taxes	177,982,015			16,226,051
State aid and grants	208,146,626	7,917,804		57,880,461
Federal aid, grants and reimbursements	<u>7,508,911</u>	<u>104,026,197</u>		<u>23,423,806</u>
Total revenues	<u>400,659,076</u>	<u>111,944,019</u>	<u>1,329,493</u>	<u>111,900,609</u>
Expenditures				
Current:				
Instruction	175,151,506	55,760,259		35,634,522
Support services - students and staff	70,040,867	31,169,908		3,400,664
Support services - administration	40,464,600	3,803,546		764,352
Operation and maintenance of plant services	69,011,829	3,028,085		595,319
Student transportation services	23,087,501	1,233,125		321,161
Operation of non-instructional services	2,673,845	7,517,200		27,613,497
Capital outlay	27,933,890	6,164,888	2,195,766	15,251,690
Debt service:				
Principal retirement	3,816,242	18,029		13,725,121
Interest and fiscal charges	205,901	824		3,952,738
Bond issuance costs			<u>1,269,003</u>	
Total expenditures	<u>412,386,181</u>	<u>108,695,864</u>	<u>3,464,769</u>	<u>101,259,064</u>
Excess (deficiency) of revenues over expenditures	<u>(11,727,105)</u>	<u>3,248,155</u>	<u>(2,135,276)</u>	<u>10,641,545</u>
Other financing sources (uses)				
Transfers in	7,780,643			2,853,846
Transfers out	(1,524,352)	(6,780,643)	(1,329,494)	(1,000,000)
Issuance of school improvement bonds			136,005,000	
Premium on sale of bonds			14,923,103	
Lease agreements	985,299			
SBITA agreements	1,135,216			
Insurance recoveries	5,663,131			
Proceeds from sale of capital assets	<u>1,896,627</u>			
Total other financing sources (uses)	<u>15,936,564</u>	<u>(6,780,643)</u>	<u>149,598,609</u>	<u>1,853,846</u>
Changes in fund balances	<u>4,209,459</u>	<u>(3,532,488)</u>	<u>147,463,333</u>	<u>12,495,391</u>
Fund balances, beginning of year	<u>84,499,132</u>	<u>(28,999,556)</u>		<u>47,984,936</u>
Fund balances, end of year	<u>\$ 88,708,591</u>	<u>\$ (32,532,044)</u>	<u>\$ 147,463,333</u>	<u>\$ 60,480,327</u>

**Total
Governmental
Funds**

\$ 22,721,326
194,208,066
273,944,891
134,958,914
625,833,197

266,546,287
104,611,439
45,032,498
72,635,233
24,641,787
37,804,542
51,546,234

17,559,392
4,159,463
1,269,003

625,805,878

27,319

10,634,489
(10,634,489)
136,005,000
14,923,103
985,299
1,135,216
5,663,131
1,896,627

160,608,376

160,635,695

103,484,512

\$ 264,120,207

Tucson Unified School District No. 1
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Changes in fund balances - total governmental funds **\$ 160,635,695**

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

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

Expenditures for capitalized assets	\$ 32,777,459	
Less current year depreciation/amortization	<u>(29,256,512)</u>	
		3,520,947

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

Issuance of school improvement bonds	(150,928,103)	
Lease agreements	(985,299)	
SBITA agreements	<u>(1,135,216)</u>	
		(153,048,618)

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

Property taxes	(15,738,940)	
Intergovernmental	<u>(2,066,573)</u>	
		(17,805,513)

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

Financed purchase principal retirement	2,660,975	
Lease principal retirement	2,012,714	
SBITA principal retirement	1,355,703	
Bond principal retirement	<u>11,530,000</u>	
		17,559,392

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

Current year pension/OPEB contributions	41,785,125	
Pension/OPEB expense	<u>(60,885,211)</u>	
		(19,100,086)

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

Deferred bond items on issuance of refunding debt	(1,068,826)	
Loss on disposal of assets	(1,715,586)	
Amortization of deferred bond items	1,977,899	
Compensated absences	<u>(16,047,464)</u>	
		(16,853,977)

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

Changes in net position in governmental activities		<u>\$ (20,107,902)</u>
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Tucson Unified School District No. 1
Statement of Net Position
Proprietary Funds
June 30, 2024

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 37,099,910
Accounts receivable	136,257
Contributions receivable	<u>3,016,672</u>
Total current assets	<u>40,252,839</u>
Total assets	<u><u>40,252,839</u></u>
Liabilities	
Current liabilities:	
Claims payable	<u>4,157,517</u>
Total current liabilities	<u>4,157,517</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>1,535,519</u>
Total noncurrent liabilities	<u>1,535,519</u>
Total liabilities	<u><u>5,693,036</u></u>
Net position	
Unrestricted	<u>34,559,803</u>
Total net position	<u><u>\$ 34,559,803</u></u>

Tucson Unified School District No. 1
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Governmental Activities Internal Service Funds
Operating revenues	
Contributions	\$ 38,268,237
Miscellaneous	<u>6,391,412</u>
Total operating revenues	<u>44,659,649</u>
Operating expenses	
Claims	35,373,521
Premiums	3,398,263
Administrative fees	2,111,256
Other	<u>279,447</u>
Total operating expenses	<u>41,162,487</u>
Operating income (loss)	<u>3,497,162</u>
Nonoperating revenues (expenses)	
Investment income	<u>1,487,096</u>
Total nonoperating revenue (expenses)	<u>1,487,096</u>
Changes in net position	4,984,258
Net position, beginning of year	<u>29,575,545</u>
Total net position, end of year	<u><u>\$ 34,559,803</u></u>

Tucson Unified School District No. 1
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	<u>Governmental Activities Internal Service Funds</u>
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from contributions	\$ 38,119,710
Cash received from other sources	6,391,412
Cash payments to suppliers for goods and services	(5,527,315)
Cash payments to employees	(261,651)
Cash payments for claims	(35,438,701)
Net cash provided by/used for operating activities	<u>3,283,455</u>
Cash flows from investing activities	
Investment income	<u>1,487,096</u>
Net cash provided by/used for investing activities	<u>1,487,096</u>
Net increase/decrease in cash and cash equivalents	4,770,551
Cash and cash equivalents, beginning of year	<u>32,329,359</u>
Cash and cash equivalents, end of year	<u><u>\$ 37,099,910</u></u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ 3,497,162
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	(26,491)
Increase/decrease in contributions receivable	(122,036)
Increase/decrease in claims payable	(65,180)
Total adjustments	<u>(213,707)</u>
Net cash provided by/used for operating activities	<u><u>\$ 3,283,455</u></u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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 component unit have not been prepared.

B. Government-Wide and Fund Financial Statements

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

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

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
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Note 1 – Summary of Significant Accounting Policies

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

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

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

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

The District reports the following major governmental funds:

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

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

Additionally, the District reports the following fund type:

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

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

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

D. Cash and Investments

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

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

G. Property Tax Calendar

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

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

H. Inventory

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

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. Capital Assets

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

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

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

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

M. Leases

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

N. Subscription-Based Information Technology Arrangements (SBITAs)

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

O. Pensions and Other Postemployment Benefits

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

P. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

Q. Interfund Activity

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

R. Net Position Flow Assumption

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

S. Estimates

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

Note 2 – Fund Balance Classifications

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

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

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

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 2 – Fund Balance Classifications

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	Federal and State Grants	Bond Building	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 2,556,925	\$	\$	\$ 1,488,760
Restricted:				
Debt service				14,024,800
Capital projects	6,232,310			2,932,469
Bond building projects			147,463,333	
Voter approved initiatives - instructional purposes				22,929,767
Food service				3,317,384
Civic center				5,233,244
Community schools				2,271,423
Extracurricular activities				6,909,019
Student activities				1,931,917
Other purposes				816,916
Unassigned	79,919,356	(32,532,044)		(1,375,372)
Total fund balances	<u>\$ 88,708,591</u>	<u>\$ (32,532,044)</u>	<u>\$ 147,463,333</u>	<u>\$ 60,480,327</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balances – At year end, the Federal and State Grants Fund and Other Capital Projects Fund, a non-major governmental fund, reported deficits of \$32.5 million and \$1.4 million in fund balance, respectively. The deficits arose because of operations during the year and because of pending grant reimbursements. Additional revenues received in fiscal year 2024-25 are expected to eliminate the deficits.

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

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$29.8 million, and the bank balance was \$32.6 million. At year end, \$11.3 million was covered by FDIC deposit insurance, \$20.2 million was covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name, and \$1.0 million was uninsured and uncollateralized.

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

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

Valuation Techniques. Money markets classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 4 – Cash and Investments

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

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the District’s investments consisted of the following:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Category</u>
Money Market Mutual Funds	Less than 1 year	\$ 2,382,058	Level 1
County Treasurer’s investment pool	180 days	90,216,480	Not Applicable
State Treasurer’s investment pool 7	29 days	154,184,630	Not Applicable
Total		<u>\$ 246,783,168</u>	

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

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

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

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 percent or more of the District’s total investments.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 5 – Receivables

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

	General	Federal and State Grants	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$ 459,543	\$ 42,035,295	\$ 1,191,386
Due from state government	38,755,111	153,238	5,288,125
Due from other districts	33,000		816,310
Net due from governmental entities	<u>\$ 39,247,654</u>	<u>\$ 42,188,533</u>	<u>\$ 7,295,821</u>

Note 6 – Leases Receivable

The District acts as a lessor in several cell phone tower agreements, building rentals, and land rentals, under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$1.3 million and related interest revenue of \$162,951 are recorded as other local revenue in the Other Special Revenue Fund, a non-major governmental fund.

Future minimum lease payments to be received under the leases agreements at year end are summarized as follows:

Year Ending June 30:	
2025	\$ 706,032
2026	738,555
2027	784,638
2028	810,681
2029	779,961
2030-34	3,252,488
2035-39	1,778,853
2040-44	763,010
2045-49	574,305
2050-52	135,210
Total	<u>\$ 10,323,733</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 7 – Capital Assets

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 15,051,754	\$	\$ 12,781	\$ 15,038,973
Construction in progress	25,427,143	26,831,140	18,869,934	33,388,349
Total capital assets, not being depreciated/amortized	40,478,897	26,831,140	18,882,715	48,427,322
Capital assets, being depreciated/amortized:				
Land improvements	87,671,939	4,352,516		92,024,455
Buildings and improvements	926,917,843	14,503,631	67,700	941,353,774
Vehicles, furniture and equipment	99,267,790	2,996,058	3,142,372	99,121,476
Right-to-use leased buildings and improvements	2,405,834	28,782	1,911,859	522,757
Right-to-use leased vehicles, furniture and equipment	2,288,603	958,324		3,246,927
Right-to-use SBITA assets	3,629,011	1,976,942		5,605,953
Total capital assets being depreciated/amortized	1,122,181,020	24,816,253	5,121,931	1,141,875,342
Less accumulated depreciation/amortization for:				
Land improvements	(51,763,872)	(2,882,764)		(54,646,636)
Buildings and improvements	(413,783,903)	(19,655,046)	(67,700)	(433,371,249)
Vehicles, furniture and equipment	(57,722,948)	(4,019,976)	(2,726,820)	(59,016,104)
Right-to-use leased buildings and improvements	(812,806)	(89,207)	(624,606)	(277,407)
Right-to-use leased vehicles, furniture and equipment	(880,166)	(602,430)		(1,482,596)
Right-to-use SBITA assets	(826,163)	(2,007,089)		(2,833,252)
Total accumulated depreciation/amortization	(525,789,858)	(29,256,512)	(3,419,126)	(551,627,244)
Total capital assets, being depreciated/amortized, net	596,391,162	(4,440,259)	1,702,805	590,248,098
Governmental activities capital assets, net	\$ 636,870,059	\$ 22,390,881	\$ 20,585,520	\$ 638,675,420

Depreciation and amortization expense were charged to governmental functions as follows:

Instruction	\$ 24,026,767
Support services – students and staff	502,164
Support services – administration	1,574,067
Operation and maintenance of plant services	646,511
Student transportation services	2,356,428
Operation of non-instructional services	150,575
Total depreciation expense – governmental activities	<u>\$ 29,256,512</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 7 – Capital Assets

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the construction of various land and building improvements. At year end the District had spent \$33.4 million on the projects and had estimated remaining contractual commitments of \$216.4 million. These projects are being funded with bond proceeds, School Facilities Oversight Board funding, federal and state grants, other special and capital project funds, and the General Fund.

Note 8 – Financed Purchases Payable

The District has acquired building improvements and vehicles under the provisions of contracts classified as financed purchases payables. Revenues from the General Fund, as well as the Food Service Fund and Other Capital Project Fund, both non-major governmental funds, are used to pay the debt obligations. Revenues from the General Fund are transferred to the Other Capital Projects Fund, a non-major governmental fund, to pay the debt obligations when due. The District receives a federal interest subsidy to fund the interest payments for the District-wide energy project.

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2025	\$ 2,746,546	\$ 609,341
2026	2,868,233	487,654
2027	2,995,315	360,572
2028	3,128,028	227,859
2029	2,684,893	89,265
Total	<u>\$ 14,423,015</u>	<u>\$ 1,774,691</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 9 – Leases Payable

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

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2025	\$ 760,677	\$ 99,973
2026	599,423	74,244
2027	310,969	50,953
2028	207,217	28,668
2029	119,404	7,634
Total	<u>\$ 1,997,690</u>	<u>\$ 261,472</u>

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

	Governmental Activities
Asset:	
Buildings and improvements	\$ 522,757
Vehicles, furniture and equipment	3,246,927
Less: Accumulated amortization	<u>(1,760,003)</u>
Total	<u>\$ 2,009,681</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

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

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

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2025	\$ 1,176,671	\$ 25,568
2026	792,805	18,501
2027	415,912	9,170
2028	51,288	3,294
2029	52,910	1,673
Total	<u>\$ 2,489,586</u>	<u>\$ 58,206</u>

The total value of assets recorded under SBITAs that meet the District's capitalization threshold is \$5,605,953, less accumulated amortization of \$2,833,252.

Note 11 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$330.0 million remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund, a non-major governmental fund, are used to pay bonded debt. The District's legal debt limit is \$1.5 billion and the available margin is \$1.3 billion.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2024	Due Within One Year
Governmental activities:					
Refunding Bonds, Series 2016	63,000,000	3.00-5.00%	7/1/25-27	\$ 31,540,000	\$ 10,280,000
Refunding Bonds, Series 2017 (2020 Crossover)	48,520,000	3.13-5.00%	7/1/25-30	32,285,000	4,685,000
School Improvement Bonds, Series 2024	136,005,000	5.00%	7/1/25-43	136,005,000	7,275,000
Total				<u>\$ 199,830,000</u>	<u>\$ 22,240,000</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 11 – General Obligation Bonds Payable

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2025	\$ 22,240,000	\$ 10,848,592
2026	25,375,000	8,452,100
2027	17,955,000	7,183,350
2028	13,955,000	6,483,600
2029	9,345,000	5,785,850
2030-34	28,430,000	25,082,500
2035-39	41,375,000	16,696,250
2040-43	41,155,000	5,269,750
Total	<u>\$ 199,830,000</u>	<u>\$ 85,801,992</u>

Note 12 – Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 75,355,000	\$ 136,005,000	\$ 11,530,000	\$ 199,830,000	\$ 22,240,000
Premium	8,462,115	14,923,103	1,977,899	21,407,319	
Total bonds payable	<u>83,817,115</u>	<u>150,928,103</u>	<u>13,507,899</u>	<u>221,237,319</u>	<u>22,240,000</u>
Financed purchases payable	17,083,990		2,660,975	14,423,015	2,746,546
Leases payable	3,025,105	985,299	2,012,714	1,997,690	760,677
SBITAs payable	2,710,073	1,135,216	1,355,703	2,489,586	1,176,671
Net pension liability	402,806,297	26,935,663		429,741,960	
Claims payable	5,758,216	35,373,521	35,438,701	5,693,036	4,157,517
Compensated absences payable	2,109,264	23,759,308	7,711,844	18,156,728	3,264,354
Total long-term liabilities	<u>\$ 517,310,060</u>	<u>\$ 239,117,110</u>	<u>\$ 62,687,836</u>	<u>\$ 693,739,334</u>	<u>\$ 34,345,765</u>

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 13 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other funds:

	General	Total Due to Other Funds
Federal and State Grants	\$ 35,258,167	\$ 35,258,167
Non-Major Governmental Funds	715,245	715,245
Total Due from Other Funds	<u>\$ 35,973,412</u>	<u>\$ 35,973,412</u>

At year end, two funds had negative cash balances in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in Non-Major Governmental		
Transfers out	General	Funds	Total
General	\$	\$ 1,524,352	\$ 1,524,352
Federal and State Grants	6,780,643		6,780,643
Bond Building		1,329,494	1,329,494
Non-Major Governmental Funds	1,000,000		1,000,000
Total	<u>\$ 7,780,643</u>	<u>\$ 2,853,846</u>	<u>\$ 10,634,489</u>

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

Note 14 – Contingent Liabilities

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 14 – Contingent Liabilities

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, 2024, the District has not utilized the IGA to cover cash shortfalls.

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

Note 15 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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

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, 2024

Note 15 – Risk Management

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

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

	Claims Payable at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
<u>Employee Benefits Trust</u>				
2023-24	\$ 3,483,142	\$ 35,221,780	\$ 35,014,203	\$ 3,690,719
2022-23	3,893,186	31,668,688	32,078,732	3,483,142
<u>Workers' Compensation</u>				
2023-24	2,275,074	151,741	424,498	2,002,317
2022-23	2,315,709	308,377	349,012	2,275,074
<u>Total</u>				
2023-24	5,758,216	35,373,521	35,438,701	5,693,036
2022-23	6,208,895	31,977,065	32,427,744	5,758,216

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

Note 16 – Pensions

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

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

Aggregate Amounts. At June 30, 2024, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB	Total
Net assets	\$ 429,741,960	\$ 14,058,518	\$ 14,058,518
Net liability	429,741,960		429,741,960
Deferred outflows of resources	74,785,193	987,697	75,772,890
Deferred inflows of resources	15,204,644	6,599,653	21,804,297
Expense	68,953,160	(8,067,949)	60,885,211
Contributions	41,406,512	378,613	41,785,125

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

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

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

*With actuarially reduced benefits

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, 2024

Note 16 – Pensions

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 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2024 were \$41.4 million.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 9.99 percent (9.94 for retirement and 0.05 percent for long-term disability). ACR contributions are included in employer contributions presented above.

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

Pension Liability. The net pension liability was measured as of June 30, 2023. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023. The District's proportion of the net liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2023.

At June 30, 2023, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2023, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2022 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 429,741,960	2.656	0.188

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District's pension expense for the year ended June 30, 2024 was \$69.0 million.

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,710,454	\$
Net difference between projected and actual earnings on pension investments		15,204,644
Changes in proportion and differences between contributions and proportionate share of contributions	23,668,227	
Contributions subsequent to the measurement date	41,406,512	
Total	<u>\$ 74,785,193</u>	<u>\$ 15,204,644</u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2025	\$ 12,997,897
2026	(9,320,555)
2027	16,386,111
2028	(1,889,416)

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	3.50%
Credit	23%	5.90
Interest rate sensitive	6%	1.50
Private equity	10%	6.70
Real estate	17%	5.90
Total	<u>100%</u>	

Tucson Unified School District No. 1
Notes to Financial Statements
June 30, 2024

Note 16 – Pensions

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

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

		Current	
	1% Decrease	Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 643,690,340	\$ 429,741,960	\$ 251,346,858

Contributions payable. The District's accrued payroll and employee benefits included \$804,916 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2024.

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

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Required Supplementary Information

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2024

	<u>Budget</u>		<u>Non-GAAP</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 698,956	\$ 698,956
Property taxes			158,260,245	158,260,245
State aid and grants			194,355,471	194,355,471
Total revenues			<u>353,314,672</u>	<u>353,314,672</u>
Expenditures				
Current:				
Instruction	197,903,049	201,086,242	171,090,200	29,996,042
Support services - students and staff	61,341,050	62,660,101	67,031,671	(4,371,570)
Support services - administration	41,484,189	42,544,913	40,732,553	1,812,360
Operation and maintenance of plant services	68,649,916	70,162,190	66,696,730	3,465,460
Student transportation services	24,575,900	26,014,634	23,059,355	2,955,279
Operation of non-instructional services	970,816		970,817	(970,817)
Total expenditures	<u>394,924,920</u>	<u>402,468,080</u>	<u>369,581,326</u>	<u>32,886,754</u>
Excess (deficiency) of revenues over expenditures	<u>(394,924,920)</u>	<u>(402,468,080)</u>	<u>(16,266,654)</u>	<u>386,201,426</u>
Other financing sources (uses)				
Transfers out			(1,524,352)	(1,524,352)
Total other financing sources (uses)			<u>(1,524,352)</u>	<u>(1,524,352)</u>
Changes in fund balances	<u>(394,924,920)</u>	<u>(402,468,080)</u>	<u>(17,791,006)</u>	<u>384,677,074</u>
Fund balances, beginning of year			<u>39,737,780</u>	<u>39,737,780</u>
Fund balances, end of year	<u>\$ (394,924,920)</u>	<u>\$ (402,468,080)</u>	<u>\$ 21,946,774</u>	<u>\$ 424,414,854</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2024

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 18	\$ 18
State aid and grants			7,917,804	7,917,804
Federal aid, grants and reimbursements			104,026,197	104,026,197
Total revenues			<u>111,944,019</u>	<u>111,944,019</u>
Expenditures				
Current:				
Instruction	60,236,497	64,876,495	55,760,259	9,116,236
Support services - students and staff	33,672,119	36,265,871	31,169,908	5,095,963
Support services - administration	4,108,881	4,425,387	3,803,546	621,841
Operation and maintenance of plant services	3,271,169	3,523,146	3,028,085	495,061
Student transportation services	1,332,116	1,434,728	1,233,125	201,603
Operation of non-instructional services	8,120,654	8,746,186	7,517,200	1,228,986
Capital outlay	6,659,784	7,172,785	6,164,888	1,007,897
Debt service:				
Principal retirement	19,476	20,977	18,029	2,948
Interest and fiscal charges	890	959	824	135
Total expenditures	<u>117,421,587</u>	<u>126,466,534</u>	<u>108,695,864</u>	<u>17,770,670</u>
Excess (deficiency) of revenues over expenditures	<u>(117,421,587)</u>	<u>(126,466,534)</u>	<u>3,248,155</u>	<u>129,714,689</u>
Other financing sources (uses)				
Transfers out			(6,780,643)	(6,780,643)
Total other financing sources (uses)			<u>(6,780,643)</u>	<u>(6,780,643)</u>
Changes in fund balances	<u>(117,421,587)</u>	<u>(126,466,534)</u>	<u>(3,532,488)</u>	<u>122,934,046</u>
Fund balances, beginning of year			<u>(28,999,556)</u>	<u>(28,999,556)</u>
Fund balances, end of year	<u>\$ (117,421,587)</u>	<u>\$ (126,466,534)</u>	<u>\$ (32,532,044)</u>	<u>\$ 93,934,490</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
District's proportion of the net pension (assets) liability	2.66%	2.47%	2.37%	2.45%
District's proportionate share of the net pension (assets) liability	\$ 429,741,960	\$ 402,806,297	\$ 311,600,629	\$ 423,844,799
District's covered payroll	\$ 346,457,701	\$ 280,671,484	\$ 245,516,094	\$ 243,346,001
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	124.04%	143.52%	126.92%	174.17%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 41,406,512	\$ 41,297,758	\$ 35,186,341	\$ 30,761,535
Contributions in relation to the actuarially determined contribution	<u>41,406,512</u>	<u>41,297,758</u>	<u>35,186,341</u>	<u>30,761,535</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 344,193,782	\$ 346,457,701	\$ 280,671,484	\$ 245,516,094
Contributions as a percentage of covered payroll	12.03%	11.92%	12.54%	12.53%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
2.56%	2.61%	2.63%	2.56%	2.57%	2.62%
\$ 372,051,424	\$ 363,853,920	\$ 409,821,128	\$ 412,510,812	\$ 400,992,229	\$ 387,916,386
\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476	\$ 225,906,271	N/A
144.70%	161.41%	175.54%	178.96%	177.50%	N/A
73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 30,558,140	\$ 30,105,384	\$ 28,232,555	\$ 27,661,624	\$ 25,963,519	\$ 25,821,534
<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>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476	\$ 225,906,271
12.56%	11.71%	12.52%	11.85%	11.26%	11.43%

Tucson Unified School District No. 1
Notes to Required Supplementary Information
June 30, 2024

Note 1 – Budgetary Basis of Accounting

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

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

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

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

	Total	Fund
	Expenditures	Balances
	<u> </u>	<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$ 412,386,181	\$ 88,708,591
Other funds presented in the General Fund	(47,561,130)	(54,803,450)
Employee insurance account	<u>4,756,275</u>	<u>(11,958,367)</u>
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual – General Fund	<u>\$ 369,581,326</u>	<u>\$ 21,946,774</u>

Note 2 – Pension Plan Schedules

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

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

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Governmental Funds

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Non-Major Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Fund

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

Capital Projects Funds

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

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

Tucson Unified School District No. 1
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue
Assets				
Cash and investments	\$ 19,446,606	\$ 2,155,697	\$ 2,554,202	\$ 16,874,410
Property taxes receivable				
Accounts receivable			56,844	120,627
Due from governmental entities		1,339,735	912,000	571,857
Inventory			1,488,760	
Leases receivable				10,323,733
Total assets	<u>\$ 19,446,606</u>	<u>\$ 3,495,432</u>	<u>\$ 5,011,806</u>	<u>\$ 27,890,627</u>
Liabilities				
Accounts payable	\$	\$	\$ 67,881	\$ 747,701
Due to other funds				
Accrued payroll and employee benefits	12,079	192	137,781	149,499
Total liabilities	<u>12,079</u>	<u>192</u>	<u>205,662</u>	<u>897,200</u>
Deferred inflows of resources				
Unavailable revenues - property taxes				
Unavailable revenues - intergovernmental				
Leases				9,830,908
Total deferred inflows of resources				<u>9,830,908</u>
Fund balances				
Nonspendable			1,488,760	
Restricted	19,434,527	3,495,240	3,317,384	17,162,519
Unassigned				
Total fund balances	<u>19,434,527</u>	<u>3,495,240</u>	<u>4,806,144</u>	<u>17,162,519</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,446,606</u>	<u>\$ 3,495,432</u>	<u>\$ 5,011,806</u>	<u>\$ 27,890,627</u>

Debt Service		Capital Projects Funds		Total Non-Major Governmental Funds
Fund			Other Capital Projects	
Debt Service	Adjacent Ways		Projects	Funds
\$ 13,927,137	\$ 2,926,110	\$		\$ 57,884,162
344,055	21,912			365,967
				177,471
			4,472,229	7,295,821
				1,488,760
				10,323,733
<u>\$ 14,271,192</u>	<u>\$ 2,948,022</u>	<u>\$ 4,472,229</u>		<u>\$ 77,535,914</u>
\$	\$	\$ 4,293,843	\$ 5,109,425	
		715,245	715,245	
			299,551	
		5,009,088	6,124,221	
246,392	15,553		261,945	
		838,513	838,513	
			9,830,908	
<u>246,392</u>	<u>15,553</u>	<u>838,513</u>	<u>10,931,366</u>	
14,024,800	2,932,469		1,488,760	
		(1,375,372)	60,366,939	
<u>14,024,800</u>	<u>2,932,469</u>	<u>(1,375,372)</u>	<u>(1,375,372)</u>	
			60,480,327	
<u>\$ 14,271,192</u>	<u>\$ 2,948,022</u>	<u>\$ 4,472,229</u>	<u>\$ 77,535,914</u>	

Tucson Unified School District No. 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue
Revenues				
Other local	\$ 112,021	\$ 16	\$ 1,152,396	\$ 11,813,909
Property taxes				
State aid and grants	36,148,454	2,893,458		2,593,753
Federal aid, grants and reimbursements			22,842,808	
Total revenues	<u>36,260,475</u>	<u>2,893,474</u>	<u>23,995,204</u>	<u>14,407,662</u>
Expenditures				
Current:				
Instruction	29,044,297	2,044,465		4,545,760
Support services - students and staff	1,597,572			1,803,092
Support services - administration	345,000		130,440	288,912
Operation and maintenance of plant services			90,765	504,554
Student transportation services				321,161
Operation of non-instructional services	50,781		24,679,370	2,883,346
Capital outlay			565,750	1,444,655
Debt service:				
Principal retirement			33,655	3,425
Interest and fiscal charges			309	114
Total expenditures	<u>31,037,650</u>	<u>2,044,465</u>	<u>25,500,289</u>	<u>11,795,019</u>
Excess (deficiency) of revenues over expenditures	<u>5,222,825</u>	<u>849,009</u>	<u>(1,505,085)</u>	<u>2,612,643</u>
Other financing sources (uses)				
Transfers in				
Transfers out			(1,000,000)	
Total other financing sources (uses)			<u>(1,000,000)</u>	
Changes in fund balances	<u>5,222,825</u>	<u>849,009</u>	<u>(2,505,085)</u>	<u>2,612,643</u>
Fund balances, beginning of year	<u>14,211,702</u>	<u>2,646,231</u>	<u>7,311,229</u>	<u>14,549,876</u>
Fund balances, end of year	<u>\$ 19,434,527</u>	<u>\$ 3,495,240</u>	<u>\$ 4,806,144</u>	<u>\$ 17,162,519</u>

Debt Service		Capital Projects Funds		Total Non-Major Governmental Funds
Fund			Other Capital Projects	
Debt Service	Adjacent Ways			
\$ 1,076,929	\$ 135,552	\$ 79,468	\$ 14,370,291	
15,231,457	994,594		16,226,051	
		16,244,796	57,880,461	
		580,998	23,423,806	
<u>16,308,386</u>	<u>1,130,146</u>	<u>16,905,262</u>	<u>111,900,609</u>	
			35,634,522	
			3,400,664	
			764,352	
			595,319	
			321,161	
			27,613,497	
	1,051,699	12,189,586	15,251,690	
11,530,000		2,158,041	13,725,121	
3,336,198		616,117	3,952,738	
<u>14,866,198</u>	<u>1,051,699</u>	<u>14,963,744</u>	<u>101,259,064</u>	
<u>1,442,188</u>	<u>78,447</u>	<u>1,941,518</u>	<u>10,641,545</u>	
1,329,494		1,524,352	2,853,846	
			(1,000,000)	
<u>1,329,494</u>		<u>1,524,352</u>	<u>1,853,846</u>	
2,771,682	78,447	3,465,870	12,495,391	
<u>11,253,118</u>	<u>2,854,022</u>	<u>(4,841,242)</u>	<u>47,984,936</u>	
<u>\$ 14,024,800</u>	<u>\$ 2,932,469</u>	<u>\$ (1,375,372)</u>	<u>\$ 60,480,327</u>	

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 112,021	\$ 112,021
State aid and grants			36,148,454	36,148,454
Total revenues			<u>36,260,475</u>	<u>36,260,475</u>
Expenditures				
Current:				
Instruction	45,392,460	46,476,549	29,044,297	17,432,252
Support services - students and staff	1,403,891	1,824,083	1,597,572	226,511
Support services - administration		345,000	345,000	
Operation of non-instructional services			50,781	(50,781)
Total expenditures	<u>46,796,351</u>	<u>48,645,632</u>	<u>31,037,650</u>	<u>17,607,982</u>
Changes in fund balances	<u>(46,796,351)</u>	<u>(48,645,632)</u>	<u>5,222,825</u>	<u>53,868,457</u>
Fund balances, beginning of year			<u>14,211,702</u>	<u>14,211,702</u>
Fund balances, end of year	<u>\$ (46,796,351)</u>	<u>\$ (48,645,632)</u>	<u>\$ 19,434,527</u>	<u>\$ 68,080,159</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2024

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 16	\$ 16
State aid and grants			2,893,458	2,893,458
Total revenues			2,893,474	2,893,474
Expenditures				
Current:				
Instruction	1,600,000	1,774,659	2,044,465	(269,806)
Total expenditures	1,600,000	1,774,659	2,044,465	(269,806)
Changes in fund balances	(1,600,000)	(1,774,659)	849,009	2,623,668
Fund balances, beginning of year			2,646,231	2,646,231
Fund balances, end of year	\$ (1,600,000)	\$ (1,774,659)	\$ 3,495,240	\$ 5,269,899

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2024

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 1,152,396	\$ 1,152,396
Federal aid, grants and reimbursements			22,842,808	22,842,808
Total revenues			<u>23,995,204</u>	<u>23,995,204</u>
Expenditures				
Current:				
Support services - administration	131,951	126,324	130,440	(4,116)
Operation and maintenance of plant services	91,816	87,901	90,765	(2,864)
Operation of non-instructional services	24,965,269	23,900,635	24,679,370	(778,735)
Capital outlay	572,304	547,898	565,750	(17,852)
Debt service:				
Principal retirement	34,045	32,593	33,655	(1,062)
Interest and fiscal charges	313	299	309	(10)
Total expenditures	<u>25,795,698</u>	<u>24,695,651</u>	<u>25,500,289</u>	<u>(804,638)</u>
Excess (deficiency) of revenues over expenditures	<u>(25,795,698)</u>	<u>(24,695,651)</u>	<u>(1,505,085)</u>	<u>23,190,566</u>
Other financing sources (uses)				
Transfers out			(1,000,000)	(1,000,000)
Total other financing sources (uses)			<u>(1,000,000)</u>	<u>(1,000,000)</u>
Changes in fund balances	<u>(25,795,698)</u>	<u>(24,695,651)</u>	<u>(2,505,085)</u>	<u>22,190,566</u>
Fund balances, beginning of year			<u>7,311,229</u>	<u>7,311,229</u>
Fund balances, end of year	<u>\$ (25,795,698)</u>	<u>\$ (24,695,651)</u>	<u>\$ 4,806,144</u>	<u>\$ 29,501,795</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 11,813,909	\$ 11,813,909
State aid and grants			2,593,753	2,593,753
Total revenues			<u>14,407,662</u>	<u>14,407,662</u>
Expenditures				
Current:				
Instruction	3,571,886	3,882,245	4,545,760	(663,515)
Support services - students and staff	1,416,802	1,539,906	1,803,092	(263,186)
Support services - administration	227,016	246,741	288,912	(42,171)
Operation and maintenance of plant services	396,459	430,908	504,554	(73,646)
Student transportation services	252,356	274,283	321,161	(46,878)
Operation of non-instructional services	2,265,624	2,462,483	2,883,346	(420,863)
Capital outlay	1,135,155	1,233,788	1,444,655	(210,867)
Debt service:				
Principal retirement	2,691	2,925	3,425	(500)
Interest and fiscal charges	90	97	114	(17)
Total expenditures	<u>9,268,080</u>	<u>10,073,376</u>	<u>11,795,019</u>	<u>(1,721,643)</u>
Changes in fund balances	<u>(9,268,080)</u>	<u>(10,073,376)</u>	<u>2,612,643</u>	<u>12,686,019</u>
Fund balances, beginning of year			<u>14,549,876</u>	<u>14,549,876</u>
Fund balances, end of year	<u>\$ (9,268,080)</u>	<u>\$ (10,073,376)</u>	<u>\$ 17,162,519</u>	<u>\$ 27,235,895</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 1,076,929	\$ 1,076,929
Property taxes		15,231,457	15,231,457
Total revenues		16,308,386	16,308,386
Expenditures			
Debt service:			
Principal retirement	11,530,000	11,530,000	
Interest and fiscal charges	3,329,900	3,336,198	(6,298)
Total expenditures	14,859,900	14,866,198	(6,298)
Excess (deficiency) of revenues over expenditures	(14,859,900)	1,442,188	16,302,088
Other financing sources (uses)			
Transfers in		1,329,494	1,329,494
Total other financing sources (uses)		1,329,494	1,329,494
Changes in fund balances	(14,859,900)	2,771,682	17,631,582
Fund balances, beginning of year		11,253,118	11,253,118
Fund balances, end of year	\$ (14,859,900)	\$ 14,024,800	\$ 28,884,700

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2024

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 135,552	\$ 135,552
Property taxes		994,594	994,594
Total revenues		<u>1,130,146</u>	<u>1,130,146</u>
Expenditures			
Capital outlay	2,000,000	1,051,699	948,301
Total expenditures	<u>2,000,000</u>	<u>1,051,699</u>	<u>948,301</u>
Changes in fund balances	<u>(2,000,000)</u>	<u>78,447</u>	<u>2,078,447</u>
Fund balances, beginning of year		<u>2,854,022</u>	<u>2,854,022</u>
Fund balances, end of year	<u>\$ (2,000,000)</u>	<u>\$ 2,932,469</u>	<u>\$ 4,932,469</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2024

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 1,329,493	\$ 1,329,493
Total revenues			<u>1,329,493</u>	<u>1,329,493</u>
Expenditures				
Capital outlay		13,730,997	2,195,766	11,535,231
Debt service:				
Bond issuance costs		<u>1,269,003</u>	<u>1,269,003</u>	
Total expenditures		<u>15,000,000</u>	<u>3,464,769</u>	<u>11,535,231</u>
Excess (deficiency) of revenues over expenditures		<u>(15,000,000)</u>	<u>(2,135,276)</u>	<u>12,864,724</u>
Other financing sources (uses)				
Transfers out			(1,329,494)	(1,329,494)
Issuance of school improvement bonds			136,005,000	136,005,000
Premium on sale of bonds			<u>14,923,103</u>	<u>14,923,103</u>
Total other financing sources (uses)			<u>149,598,609</u>	<u>149,598,609</u>
Changes in fund balances		<u>(15,000,000)</u>	<u>147,463,333</u>	<u>162,463,333</u>
Fund balances, beginning of year				
Fund balances, end of year	<u>\$</u>	<u>\$ (15,000,000)</u>	<u>\$ 147,463,333</u>	<u>\$ 162,463,333</u>

Tucson Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2024

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 79,468	\$ 79,468
State aid and grants			16,244,796	16,244,796
Federal aid, grants and reimbursements			580,998	580,998
Total revenues			<u>16,905,262</u>	<u>16,905,262</u>
Expenditures				
Capital outlay	49,951,591	27,214,086	12,189,586	15,024,500
Debt service:				
Principal retirement	2,158,041	2,158,041	2,158,041	
Interest and fiscal charges	616,117	616,117	616,117	
Total expenditures	<u>52,725,749</u>	<u>29,988,244</u>	<u>14,963,744</u>	<u>15,024,500</u>
Excess (deficiency) of revenues over expenditures	<u>(52,725,749)</u>	<u>(29,988,244)</u>	<u>1,941,518</u>	<u>31,929,762</u>
Other financing sources (uses)				
Transfers in			1,524,352	1,524,352
Total other financing sources (uses)			<u>1,524,352</u>	<u>1,524,352</u>
Changes in fund balances	<u>(52,725,749)</u>	<u>(29,988,244)</u>	<u>3,465,870</u>	<u>33,454,114</u>
Fund balances, beginning of year			<u>(4,841,242)</u>	<u>(4,841,242)</u>
Fund balances, end of year	<u>\$ (52,725,749)</u>	<u>\$ (29,988,244)</u>	<u>\$ (1,375,372)</u>	<u>\$ 28,612,872</u>

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Internal Service Funds

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

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

Tucson Unified School District No. 1
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 27,079,619	\$ 10,020,291	\$ 37,099,910
Accounts receivable	104,066	32,191	136,257
Contributions receivable	2,988,185	28,487	3,016,672
Total current assets	<u>30,171,870</u>	<u>10,080,969</u>	<u>40,252,839</u>
Total assets	<u>30,171,870</u>	<u>10,080,969</u>	<u>40,252,839</u>
Liabilities			
Current liabilities:			
Claims payable	3,690,719	466,798	4,157,517
Total current liabilities	<u>3,690,719</u>	<u>466,798</u>	<u>4,157,517</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	<u> </u>	1,535,519	1,535,519
Total noncurrent liabilities	<u> </u>	<u>1,535,519</u>	<u>1,535,519</u>
Total liabilities	<u>3,690,719</u>	<u>2,002,317</u>	<u>5,693,036</u>
Net position			
Unrestricted	<u>26,481,151</u>	<u>8,078,652</u>	<u>34,559,803</u>
Total net position	<u>\$ 26,481,151</u>	<u>\$ 8,078,652</u>	<u>\$ 34,559,803</u>

Tucson Unified School District No. 1
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2024

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
Operating revenues			
Contributions	\$ 35,305,693	\$ 2,962,544	\$ 38,268,237
Miscellaneous	<u>6,391,412</u>		<u>6,391,412</u>
Total operating revenues	<u>41,697,105</u>	<u>2,962,544</u>	<u>44,659,649</u>
Operating expenses			
Claims	35,221,780	151,741	35,373,521
Premiums	1,063,042	2,335,221	3,398,263
Administrative fees	2,024,283	86,973	2,111,256
Other	<u>279,447</u>		<u>279,447</u>
Total operating expenses	<u>38,588,552</u>	<u>2,573,935</u>	<u>41,162,487</u>
Operating income (loss)	<u>3,108,553</u>	<u>388,609</u>	<u>3,497,162</u>
Nonoperating revenues (expenses)			
Investment income	<u>1,094,830</u>	<u>392,266</u>	<u>1,487,096</u>
Total nonoperating revenue (expenses)	<u>1,094,830</u>	<u>392,266</u>	<u>1,487,096</u>
Changes in net position	4,203,383	780,875	4,984,258
Net position, beginning of year	<u>22,277,768</u>	<u>7,297,777</u>	<u>29,575,545</u>
Net position, end of year	<u>\$ 26,481,151</u>	<u>\$ 8,078,652</u>	<u>\$ 34,559,803</u>

Tucson Unified School District No. 1
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2024

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>			
Cash flows from operating activities			
Cash received from contributions	\$ 35,155,881	\$ 2,963,829	\$ 38,119,710
Cash received from other sources	6,391,412		6,391,412
Cash payments to suppliers for goods and services	(3,172,446)	(2,354,869)	(5,527,315)
Cash payments to employees	(194,326)	(67,325)	(261,651)
Cash payments for claims	(35,014,203)	(424,498)	(35,438,701)
Net cash provided by/used for operating activities	<u>3,166,318</u>	<u>117,137</u>	<u>3,283,455</u>
Cash flows from investing activities			
Investment income	1,094,830	392,266	1,487,096
Net cash provided by/used for investing activities	<u>1,094,830</u>	<u>392,266</u>	<u>1,487,096</u>
Net increase/decrease in cash and cash equivalents	4,261,148	509,403	4,770,551
Cash and cash equivalents, beginning of year	<u>22,818,471</u>	<u>9,510,888</u>	<u>32,329,359</u>
Cash and cash equivalents, end of year	<u>\$ 27,079,619</u>	<u>\$ 10,020,291</u>	<u>\$ 37,099,910</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>			
Operating income/loss	\$ 3,108,553	\$ 388,609	\$ 3,497,162
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:			
Changes in assets and liabilities:			
Increase/decrease in accounts receivable	(25,225)	(1,266)	(26,491)
Increase/decrease in contributions receivable	(124,587)	2,551	(122,036)
Increase/decrease in claims payable	207,577	(272,757)	(65,180)
Total adjustments	<u>57,765</u>	<u>(271,472)</u>	<u>(213,707)</u>
Net cash provided by/used for operating activities	<u>\$ 3,166,318</u>	<u>\$ 117,137</u>	<u>\$ 3,283,455</u>

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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 five percent 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)

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Position:					
Net investment in capital assets	\$ 547,248,548	\$ 532,560,007	\$ 501,423,914	\$ 431,989,628	\$ 476,660,935
Restricted	86,964,854	66,217,962	69,842,910	49,820,194	41,374,730
Unrestricted	<u>(274,136,664)</u>	<u>(218,593,329)</u>	<u>(260,575,957)</u>	<u>(239,610,013)</u>	<u>(316,557,834)</u>
Total net position	<u><u>\$ 360,076,738</u></u>	<u><u>\$ 380,184,640</u></u>	<u><u>\$ 310,690,867</u></u>	<u><u>\$ 242,199,809</u></u>	<u><u>\$ 201,477,831</u></u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Position:					
Net investment in capital assets	\$ 478,308,459	\$ 474,298,602	\$ 480,205,341	\$ 485,420,031	\$ 483,557,940
Restricted	41,215,782	46,305,323	39,771,519	47,868,859	51,883,159
Unrestricted	<u>(316,693,248)</u>	<u>(332,374,038)</u>	<u>(341,600,591)</u>	<u>(369,873,406)</u>	<u>(401,875,725)</u>
Total net position	<u><u>\$ 202,830,993</u></u>	<u><u>\$ 188,229,887</u></u>	<u><u>\$ 178,376,269</u></u>	<u><u>\$ 163,415,484</u></u>	<u><u>\$ 133,565,374</u></u>

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

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

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenses					
Instruction	\$ 318,112,481	\$ 314,031,930	\$ 286,371,418	\$ 254,769,001	\$ 259,941,068
Support services - students and staff	111,650,731	99,430,592	83,090,999	74,676,328	73,940,845
Support services - administration	54,633,312	50,784,823	43,638,490	42,869,234	40,814,157
Operation and maintenance of plant services	77,092,382	74,205,351	58,210,084	58,478,061	55,813,248
Student transportation services	31,612,231	33,767,346	24,822,279	16,874,014	22,620,379
Operation of non-instructional services	40,051,368	38,551,420	17,975,571	18,770,717	23,647,029
Interest on long-term debt	3,250,390	3,835,592	3,981,426	4,657,824	6,518,805
Total expenses	<u>636,402,895</u>	<u>614,607,054</u>	<u>518,090,267</u>	<u>471,095,179</u>	<u>483,295,531</u>
Program Revenues					
Charges for services:					
Instruction	6,918,519	8,152,682	5,960,316	5,983,899	8,029,659
Operation of non-instructional services	1,419,377	3,630,117	2,192,956	1,209,193	4,079,437
Other activities	4,363,695	1,473,064	2,575,118	3,281,587	2,239,943
Operating grants and contributions	141,713,818	190,238,414	194,453,946	134,520,989	100,282,568
Capital grants and contributions	22,723,086	44,866,682	5,623,970	10,251,412	1,523,251
Total program revenues	<u>177,138,495</u>	<u>248,360,959</u>	<u>210,806,306</u>	<u>155,247,080</u>	<u>116,154,858</u>
Net (Expense)/Revenue	<u>\$ (459,264,400)</u>	<u>\$ (366,246,095)</u>	<u>\$ (307,283,961)</u>	<u>\$ (315,848,099)</u>	<u>\$ (367,140,673)</u>

(Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses					
Instruction	\$ 234,491,292	\$ 225,916,641	\$ 219,854,828	\$ 206,973,703	\$ 203,639,013
Support services - students and staff	69,279,661	68,096,204	61,436,186	60,250,541	58,847,288
Support services - administration	39,072,525	43,684,486	44,826,243	41,637,711	42,670,490
Operation and maintenance of plant services	49,976,936	50,176,140	49,036,681	49,688,066	51,097,685
Student transportation services	28,768,667	23,294,896	23,769,388	24,277,391	24,594,918
Operation of non-instructional services	22,126,862	25,053,753	25,771,350	24,028,856	24,786,616
Interest on long-term debt	9,043,397	9,248,357	8,400,732	10,932,855	11,501,715
Total expenses	<u>452,759,340</u>	<u>445,470,477</u>	<u>433,095,408</u>	<u>417,789,123</u>	<u>417,137,725</u>
Program Revenues					
Charges for services:					
Instruction	10,251,006	7,807,589	8,329,005	8,055,467	7,212,949
Operation of non-instructional services	4,210,819	4,080,884	4,314,144	2,776,552	3,436,318
Other activities	2,615,677	2,813,622	1,251,279	1,129,835	1,342,188
Operating grants and contributions	99,743,644	96,245,664	67,852,542	64,212,609	62,655,672
Capital grants and contributions	4,049,746	3,936,577	4,434,548	2,441,185	4,430,655
Total program revenues	<u>120,870,892</u>	<u>114,884,336</u>	<u>86,181,518</u>	<u>78,615,648</u>	<u>79,077,782</u>
Net (Expense)/Revenue	<u>\$ (331,888,448)</u>	<u>\$ (330,586,141)</u>	<u>\$ (346,913,890)</u>	<u>\$ (339,173,475)</u>	<u>\$ (338,059,943)</u>

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net (Expense)/Revenue	\$ (459,264,400)	\$ (366,246,095)	\$ (307,283,961)	\$ (315,848,099)	\$ (367,140,673)
General Revenues:					
Property taxes	178,469,126	197,256,241	205,357,795	192,224,010	185,984,409
Investment income	5,989,923	2,660,543	(67,131)	888,750	2,523,367
Unrestricted county aid			12,091,888	12,830,248	12,538,508
Unrestricted state aid	247,188,538	229,000,428	149,710,364	143,617,159	159,407,085
Unrestricted federal aid	7,508,911	5,122,889	5,665,941	5,240,801	4,605,900
Proceeds from sale of capital assets		906,010		(1,456,286)	61,408
Other			3,016,162	1,441,938	666,834
Total general revenues	<u>439,156,498</u>	<u>434,946,111</u>	<u>375,775,019</u>	<u>354,786,620</u>	<u>365,787,511</u>
Changes in Net Position	<u>\$ (20,107,902)</u>	<u>\$ 68,700,016</u>	<u>\$ 68,491,058</u>	<u>\$ 38,938,521</u>	<u>\$ (1,353,162)</u>

(Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (Expense)/Revenue	\$ (331,888,448)	\$ (330,586,141)	\$ (346,913,890)	\$ (339,173,475)	\$ (338,059,943)
General Revenues:					
Property taxes	180,826,698	177,937,901	180,690,434	180,271,189	182,318,902
Investment income	4,013,361	1,601,949	620,166	557,570	530,244
Unrestricted county aid	12,775,192	12,452,655	12,876,806	13,151,610	13,033,210
Unrestricted state aid	142,760,977	143,249,793	163,180,636	171,211,671	164,102,723
Unrestricted federal aid	4,867,479	3,637,985	4,506,633	3,831,545	2,158,284
Proceeds from sale of capital assets	302,331	717,066			
Other	943,516	842,410			
Total general revenues	<u>346,489,554</u>	<u>340,439,759</u>	<u>361,874,675</u>	<u>369,023,585</u>	<u>362,143,363</u>
Changes in Net Position	<u>\$ 14,601,106</u>	<u>\$ 9,853,618</u>	<u>\$ 14,960,785</u>	<u>\$ 29,850,110</u>	<u>\$ 24,083,420</u>

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

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund:					
Nondisposable	\$ 2,556,925	\$ 1,689,829	\$ 2,779,614	\$ 3,041,773	\$ 1,268,988
Restricted	6,232,310	4,833,754	2,094,387	3,309,506	5,406,127
Unassigned	79,919,356	77,975,549	48,669,997	45,167,173	25,880,765
Total General Fund	<u>\$ 88,708,591</u>	<u>\$ 84,499,132</u>	<u>\$ 53,543,998</u>	<u>\$ 51,518,452</u>	<u>\$ 32,555,880</u>
All Other Governmental Funds:					
Nondisposable	\$ 1,488,760	\$ 2,015,554	\$ 1,415,101	\$ 1,970,100	\$ 1,516,115
Restricted	207,830,272	50,810,624	59,435,974	46,358,474	30,859,024
Unassigned	(33,907,416)	(33,840,798)	(1,535,645)		(4,747,643)
Total all other governmental funds	<u>\$ 175,411,616</u>	<u>\$ 18,985,380</u>	<u>\$ 59,315,430</u>	<u>\$ 48,328,574</u>	<u>\$ 27,627,496</u>

(Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:					
Nonspendable	\$ 1,217,547	\$ 1,357,985	\$ 1,762,249	\$ 1,532,880	\$ 1,568,190
Restricted	9,227,912	10,490,744			
Unassigned	10,707,882	18,160,003	23,310,670	30,871,023	27,952,038
Total General Fund	<u>\$ 21,153,341</u>	<u>\$ 30,008,732</u>	<u>\$ 25,072,919</u>	<u>\$ 32,403,903</u>	<u>\$ 29,520,228</u>
All Other Governmental Funds:					
Nonspendable	\$ 953,075	\$ 1,004,339	\$ 485,008	\$ 643,318	\$ 777,502
Restricted	83,167,094	86,101,759	37,499,375	44,700,979	47,643,989
Committed			4,925,981	2,419,323	1,039,083
Unassigned			(167,967)	(201,455)	(23,760)
Total all other governmental funds	<u>\$ 84,120,169</u>	<u>\$ 87,106,098</u>	<u>\$ 42,742,397</u>	<u>\$ 47,562,165</u>	<u>\$ 49,436,814</u>

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Federal sources:					
Federal grants	\$ 109,632,862	\$ 163,665,466	\$ 134,979,193	\$ 94,665,127	\$ 58,524,285
National School Lunch Program	22,842,808	20,367,308	23,173,807	16,570,430	16,110,531
Impact Aid	1,902,246	1,167,526	708,402	1,134,933	674,968
Interest Subsidy	580,998	667,990	752,185	830,978	908,930
Total federal sources	<u>134,958,914</u>	<u>185,868,290</u>	<u>159,613,587</u>	<u>113,201,468</u>	<u>76,218,714</u>
State sources:					
State equalization assistance	200,076,231	189,177,014	149,710,364	143,617,159	159,407,085
State grants	7,972,095	1,717,383	315,622	274,719	567,225
School Facilities Oversight Board	16,244,796	6,517,250	5,623,970	10,241,412	1,523,251
Other revenues	49,651,769	40,669,522	36,967,735	23,917,792	24,553,701
Total state sources	<u>273,944,891</u>	<u>238,081,169</u>	<u>192,617,691</u>	<u>178,051,082</u>	<u>186,051,262</u>
Local sources:					
Property taxes	194,208,066	200,493,467	200,092,700	189,810,031	184,383,619
County aid			12,091,888	12,830,248	12,538,508
Food service sales	1,083,843	1,377,338	244,388	263,017	2,604,869
Investment income	4,502,827	1,942,928	153,327	731,565	1,952,441
Other revenues	17,134,656	16,737,686	7,081,677	14,478,412	15,974,832
Total local sources	<u>216,929,392</u>	<u>220,551,419</u>	<u>219,663,980</u>	<u>218,113,273</u>	<u>217,454,269</u>
Total revenues	<u><u>\$ 625,833,197</u></u>	<u><u>\$ 644,500,878</u></u>	<u><u>\$ 571,895,258</u></u>	<u><u>\$ 509,365,823</u></u>	<u><u>\$ 479,724,245</u></u>

(Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Federal sources:					
Federal grants	\$ 55,232,554	\$ 51,122,305	\$ 48,067,680	\$ 44,769,017	\$ 42,860,201
National School Lunch Program	17,348,341	17,115,645	19,377,148	17,705,168	18,181,402
Impact Aid	1,462,306	559,516	1,273,114	966,667	728,590
Interest Subsidy	1,019,837	1,134,580	2,973,687	1,853,469	2,365,903
Total federal sources	<u>75,063,038</u>	<u>69,932,046</u>	<u>71,691,629</u>	<u>65,294,321</u>	<u>64,136,096</u>
State sources:					
State equalization assistance	142,760,977	143,249,793	142,748,905	147,561,816	143,771,604
State grants	661,026	3,038,640	480,624	796,650	548,195
School Facilities Oversight Board	4,049,746	3,936,577	730,985	523,629	726,400
Other revenues	24,653,833	23,251,337	21,038,252	23,043,329	20,331,122
Total state sources	<u>172,125,582</u>	<u>173,476,347</u>	<u>164,998,766</u>	<u>171,925,424</u>	<u>165,377,321</u>
Local sources:					
Property taxes	180,195,987	177,301,481	180,359,530	179,330,981	184,034,798
County aid	12,775,192	12,452,655	12,876,806	13,151,610	13,033,210
Food service sales	2,844,784	2,638,612	2,415,246	1,400,598	1,909,739
Investment income	3,525,260	1,529,259	391,230	280,587	164,796
Other revenues	19,084,460	16,567,519	16,365,205	15,182,965	14,242,254
Total local sources	<u>218,425,683</u>	<u>210,489,526</u>	<u>212,408,017</u>	<u>209,346,741</u>	<u>213,384,797</u>
Total revenues	<u>\$ 465,614,303</u>	<u>\$ 453,897,919</u>	<u>\$ 449,098,412</u>	<u>\$ 446,566,486</u>	<u>\$ 442,898,214</u>

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

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

(Concluded)

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

		Fiscal Year Ended June 30				
		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Expenditures:						
Current -						
Instruction	\$	266,546,287	\$ 277,686,635	\$ 285,061,022	\$ 232,695,799	\$ 231,263,517
Support services - students and staff		104,611,439	101,925,554	86,441,025	74,004,718	72,651,487
Support services - administration		45,032,498	44,992,820	47,043,026	42,004,995	40,842,176
Operation and maintenance of plant services		72,635,233	72,707,797	59,732,750	57,515,458	54,251,356
Student transportation services		24,641,787	25,443,653	25,183,576	15,040,237	20,607,466
Operation of non-instructional services		37,804,542	37,421,499	25,089,817	19,612,023	23,372,477
Capital outlay		51,546,234	79,945,826	18,563,730	13,420,256	6,718,193
Debt service -						
Principal retirement		17,559,392	17,487,239	15,004,823	14,074,822	62,381,585
Interest and fiscal charges		4,159,463	4,744,669	5,413,438	6,089,838	13,402,011
Bond issuance costs		1,269,003				
Total expenditures	\$	625,805,878	\$ 662,355,692	\$ 567,533,207	\$ 474,458,146	\$ 525,490,268
Expenditures for capitalized assets		\$ 32,777,459	\$ 46,830,494	\$ 30,521,039	\$ 15,044,684	\$ 8,259,371
Debt service as a percentage of noncapital expenditures		4%	4%	4%	4%	15%

(Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenditures:					
Current -					
Instruction	\$ 224,894,362	\$ 215,541,714	\$ 206,083,290	\$ 184,171,606	\$ 179,021,232
Support services - students and staff	73,853,829	71,953,557	65,080,307	62,254,885	59,835,214
Support services - administration	40,659,752	44,276,474	46,887,015	42,556,971	42,079,368
Operation and maintenance of plant services	50,731,964	51,464,117	50,490,660	49,925,794	51,388,778
Student transportation services	27,760,076	25,395,575	22,374,249	22,123,760	22,151,830
Operation of non-instructional services	26,324,824	26,160,227	26,422,667	24,575,643	24,817,964
Capital outlay	9,582,324	7,895,688	16,552,132	26,349,041	46,900,850
Debt service -					
Principal retirement	13,849,839	17,412,074	21,157,816	23,785,413	22,786,648
Interest and fiscal charges	10,475,411	9,967,726	9,258,936	11,071,732	11,740,160
Bond issuance costs		425,740			
Total expenditures	<u><u>\$ 478,132,381</u></u>	<u><u>\$ 470,492,892</u></u>	<u><u>\$ 464,307,072</u></u>	<u><u>\$ 446,814,845</u></u>	<u><u>\$ 460,722,044</u></u>
Expenditures for capitalized assets	\$ 14,636,631	\$ 11,417,414	\$ 4,361,210	\$ 10,057,049	\$ 30,927,097
Debt service as a percentage of noncapital expenditures	5%	6%	7%	8%	8%

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Excess (deficiency) of revenues over expenditures	\$ 27,319	\$ (17,854,814)	\$ 4,362,051	\$ 34,907,677	\$ (45,766,023)
Other financing sources (uses):					
Issuance of school improvement bonds	136,005,000				
Premium on sale of bonds	14,923,103				
Financed purchase agreements		3,151,959			
SBITA Agreements	1,135,216	1,359,895			
Lease agreements	985,299	471,914			
Proceeds from sale of capital assets	1,896,627	2,667,372		735,746	61,408
Transfers in	10,634,489	6,904,113	4,909,146	5,578,049	4,829,262
Transfers out	(10,634,489)	(6,904,113)	(4,909,146)	(5,578,049)	(4,829,262)
Insurance recoveries	5,663,131	64,251			
Total other financing sources (uses)	<u>160,608,376</u>	<u>7,715,391</u>		<u>735,746</u>	<u>61,408</u>
Changes in fund balances	<u>\$ 160,635,695</u>	<u>\$ (10,139,423)</u>	<u>\$ 4,362,051</u>	<u>\$ 35,643,423</u>	<u>\$ (45,704,615)</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Excess (deficiency) of revenues over expenditures	\$ (12,518,078)	\$ (16,594,973)	\$ (15,208,660)	\$ (248,359)	\$ (17,823,830)
Other financing sources (uses):					
Issuance of refunding bonds		48,520,000	63,000,000		
Premium on sale of bonds		6,885,717	12,203,632		
Payment to refunded bond escrow agent			(74,611,042)		
Financed purchase agreements	566,129	3,149,507			32,321,798
Proceeds from sale of capital assets	302,331	7,224,196	2,838,216	1,426,879	
Transfers in	2,606,530	5,843,892	15,471,949	5,167,740	1,752,693
Transfers out	(2,606,530)	(5,843,892)	(15,471,949)	(5,167,740)	(1,752,693)
Total other financing sources (uses)	<u>868,460</u>	<u>65,779,420</u>	<u>3,430,806</u>	<u>1,426,879</u>	<u>32,321,798</u>
Changes in fund balances	<u>\$ (11,649,618)</u>	<u>\$ 49,184,447</u>	<u>\$ (11,777,854)</u>	<u>\$ 1,178,520</u>	<u>\$ 14,497,968</u>

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	\$ 1,147,459,378	\$ 1,132,337,134	\$ 1,106,642,971	\$ 1,051,163,056	\$ 1,036,683,865
Agricultural and Vacant	74,239,506	83,626,090	83,925,149	74,552,769	80,471,664
Residential (Owner Occupied)	1,881,635,909	1,774,706,737	1,695,738,268	1,619,604,668	1,562,355,446
Residential (Rental)	916,729,934	880,256,418	828,566,284	780,660,310	707,399,543
Railroad, Private Cars and Airlines	2,181,587	2,708,320	2,603,578	2,393,548	2,526,672
Historical Property	50,433,860	47,709,595	43,542,011	41,124,635	38,655,938
Total	<u>\$ 4,072,680,174</u>	<u>\$ 3,921,344,294</u>	<u>\$ 3,761,018,261</u>	<u>\$ 3,569,498,986</u>	<u>\$ 3,428,093,128</u>
Gross Full Cash Value	\$ 53,041,613,324	\$ 45,967,373,300	\$ 43,694,728,378	\$ 41,593,233,019	\$ 39,316,138,651
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	9%	9%	9%
Total Direct Rate	5.54	5.92	6.10	6.12	6.33

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commercial, Industrial, Utilities and Mining	\$ 1,019,483,813	\$ 1,034,126,227	\$ 965,433,532	\$ 976,879,689	\$ 1,010,697,174
Agricultural and Vacant	85,907,224	77,546,462	94,872,106	105,330,798	111,852,863
Residential (Owner Occupied)	1,471,227,593	1,390,537,836	1,328,794,436	1,268,030,829	1,251,339,919
Residential (Rental)	988,786,655	675,985,879	656,086,204	641,672,375	594,632,374
Railroad, Private Cars and Airlines	2,560,348	2,685,155	2,528,033	2,699,156	2,663,090
Historical Property	36,914,026	34,881,981	33,455,272	30,975,434	30,462,610
Certain Government Property Improvements	4,278	4,197		6,464	6,156
Total	<u>\$ 3,604,883,937</u>	<u>\$ 3,215,767,737</u>	<u>\$ 3,081,169,583</u>	<u>\$ 3,025,594,745</u>	<u>\$ 3,001,654,186</u>
Gross Full Cash Value	\$ 36,686,834,759	\$ 34,855,331,732	\$ 34,223,586,164	\$ 32,389,286,776	\$ 30,721,019,556
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	9%	9%	9%	10%
Total Direct Rate	6.55	6.93	7.12	7.34	7.51

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	\$ 1,290,189,516	\$ 1,258,130,863	\$ 1,230,262,945	\$ 1,170,540,895	\$ 1,137,974,223
Agricultural and Vacant	96,639,349	100,390,950	103,787,413	90,662,790	91,497,804
Residential (Owner Occupied)	2,394,034,637	1,992,691,577	1,891,046,445	1,822,449,820	1,740,617,423
Residential (Rental)	1,306,086,220	1,109,423,968	1,031,542,099	952,165,569	858,092,105
Railroad, Private Cars and Airlines	2,797,618	3,549,910	3,373,120	3,027,988	3,120,706
Historical Property	60,356,216	52,935,863	48,901,307	47,056,262	43,957,798
Total	<u>\$ 5,150,103,556</u>	<u>\$ 4,517,123,131</u>	<u>\$ 4,308,913,329</u>	<u>\$ 4,085,903,324</u>	<u>\$ 3,875,260,059</u>
Gross Full Cash Value	\$ 53,041,613,324	\$ 45,967,373,300	\$ 43,694,728,378	\$ 41,593,233,019	\$ 39,316,138,651
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	44,493,325,309	38,213,545,399	36,034,927,576	34,135,094,188	32,229,225,820
Total Direct Rate	5.54	5.92	6.10	6.12	6.33

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commercial, Industrial, Utilities and Mining	\$ 1,136,096,565	\$ 1,090,605,695	\$ 1,006,656,328	\$ 1,012,574,440	\$ 1,025,364,280
Agricultural and Vacant	96,559,030	81,395,327	97,700,856	108,813,131	114,157,316
Residential (Owner Occupied)	1,566,819,236	1,461,545,958	1,429,214,902	1,318,079,541	1,254,450,188
Residential (Rental)	817,052,172	758,174,083	717,687,648	672,444,407	601,425,570
Railroad, Private Cars and Airlines	3,085,228	3,127,378	2,705,166	2,750,284	2,688,000
Historical Property	39,352,702	36,589,056	35,707,258	31,954,759	30,607,284
Certain Government Property Improvements	4,278	4,213		9,746	6,156
Total	<u>\$ 3,658,969,211</u>	<u>\$ 3,431,441,710</u>	<u>\$ 3,289,672,158</u>	<u>\$ 3,146,626,308</u>	<u>\$ 3,028,698,794</u>
Gross Full Cash Value	\$ 36,686,834,759	\$ 34,855,331,732	\$ 34,223,586,164	\$ 32,389,286,776	\$ 30,721,019,556
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	30,220,353,156	28,261,925,610	27,003,331,012	25,127,617,416	23,820,840,006
Total Direct Rate	6.55	6.93	7.12	7.34	7.51

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Commercial, Industrial, Utilities and Mining	17 %	18 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	15	15	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	19 %	19 %
Agricultural and Vacant	15	15	15	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	15	14	15	16

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

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

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

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

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

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

Taxpayer	2024			2015		
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation		Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation	
Unisource Energy Corporation	\$ 95,671,228	2.35	%	\$ 60,340,168	1.99	%
Southwest Gas Corporation	57,504,810	1.41		20,610,043	0.68	
HSL Properties, Inc.	29,248,030	0.72				
SMSJ Tucson Holdings LLC	26,748,810	0.66				
Marshall Foundation	14,393,930	0.35				
Qwest / Centurylink Communication	13,069,255	0.32		21,603,144	0.71	
Wal-Mart Stores, Inc.	10,767,635	0.26		9,230,408	0.30	
SWVP Starr Pass LLC	9,773,673	0.24		10,916,448	0.36	
TKG El Con Center LLC	9,523,717	0.23				
Bourn Companies	9,507,151	0.23				
WC Partners et al (Williams Center)				8,615,653	0.28	
Verizon Wireless				7,665,248	0.25	
El Con Shopping Center				7,363,976	0.24	
AT&T Telecommunications, Inc.				6,515,940	0.22	
Park Place Shopping Center				6,287,186	0.21	
Total	<u>\$ 276,208,239</u>	<u>6.77</u>	%	<u>\$ 159,148,214</u>	<u>5.24</u>	%

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution.

Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 189,333,663	\$ 185,413,868	97.93 %	\$	\$ 185,413,868	97.93 %
2023	196,708,355	188,959,107	96.06	7,615,171	196,574,278	99.93
2022	198,751,941	190,712,610	95.96	8,016,765	198,729,375	99.99
2021	186,269,692	181,741,818	97.57	4,514,947	186,256,765	99.99
2020	179,957,364	176,017,356	97.81	3,927,548	179,944,904	99.99
2019	177,214,473	171,809,696	96.95	5,391,787	177,201,483	99.99
2018	171,842,883	166,761,271	97.04	5,067,758	171,829,029	99.99
2017	175,019,179	169,670,800	96.94	5,333,631	175,004,431	99.99
2016	180,517,207	172,697,266	95.67	7,804,238	180,501,504	99.99
2015	182,457,545	174,547,250	95.66	7,893,894	182,441,144	99.99

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

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

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

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

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt						
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Financed Purchases	Leases	SBITA	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2024	\$ 221,237,319	\$ 14,271,192	\$ 206,966,127	0.39 %	\$ 424	\$ 14,423,015	\$ 1,997,690	\$ 2,489,586	\$ 240,147,610	0.45 %	\$ 492	0.39 %
2023	83,817,115	12,699,428	71,117,687	0.15	128	17,083,990	3,025,105	2,710,073	106,636,283	0.23	192	0.19
2022	98,780,018	15,649,010	83,131,008	0.19	152	16,700,916	3,444,807		118,925,741	0.27	218	0.48
2021	125,289,308	14,211,048	111,078,260	0.27	202	19,440,739			144,730,047	0.35	264	0.54
2020	125,829,308	11,893,986	113,935,322	0.29	208	22,075,561			147,904,869	0.38	271	0.60
2019	192,863,242	9,002,551	183,860,691	0.50	338	24,697,146			217,560,388	0.59	400	0.91
2018	206,075,984	11,042,670	195,033,314	0.56	363	27,130,856			233,206,840	0.67	434	1.04
2017	163,266,104	6,258,790	157,007,314	0.46	295	30,873,423			194,139,527	0.57	364	0.90
2016	174,496,634	3,760,236	170,736,398	0.53	323	38,681,239			213,177,873	0.66	403	1.02
2015	190,064,802	5,384,563	184,680,239	0.60	347	47,666,652			237,731,454	0.77	447	1.17

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

Note:

The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87 were adopted in fiscal year 2022. The standard replaces the previous capital and operating lease designations with financed purchases or leases depending on the substance of the transactions. The fiscal year 2014-2021 information within this column relates to the transactions previously designated as capital leases.

Tucson Unified School District No. 1
Direct and Overlapping Governmental Activities Debt
June 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Pima County	\$ 64,805,000	38.29 %	\$ 24,813,835
City of Tucson	81,625,000	71.69	<u>58,516,963</u>
Subtotal, Overlapping Debt			<u>83,330,798</u>
Direct:			
Tucson Unified School District No.1			<u>240,147,610</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 323,478,408</u></u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		5.08 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 595	
As a Percentage of Net Limited Assessed Valuation		7.13 %
As a Percentage of Gross Full Cash Value		0.55 %

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

- Notes:** 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
2) Outstanding debt as of June 30, 2023 is presented for the overlapping governments as this is the most recent available information.

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

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2024:

Net full cash assessed valuation	\$ 5,150,103,556
Debt limit (20% of assessed value)	1,030,020,711
Debt applicable to limit	<u>219,838,494</u>
Legal debt margin	<u><u>\$ 810,182,217</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2024:

Net full cash assessed valuation	\$ 5,150,103,556
Debt limit (30% of assessed value)	1,545,031,067
Debt applicable to limit	<u>219,838,494</u>
Legal debt margin	<u><u>\$ 1,325,192,573</u></u>

	Fiscal Year Ended June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Limit	\$ 1,545,031,067	\$ 1,355,136,939	\$ 1,292,673,999	\$ 1,225,770,997	\$ 1,162,578,018
Total net debt applicable to limit	<u>219,838,494</u>	<u>82,394,977</u>	<u>77,919,855</u>	<u>90,184,854</u>	<u>107,009,008</u>
Legal debt margin	<u><u>\$ 1,325,192,573</u></u>	<u><u>\$ 1,272,741,962</u></u>	<u><u>\$ 1,214,754,144</u></u>	<u><u>\$ 1,135,586,143</u></u>	<u><u>\$ 1,055,569,010</u></u>
Total net debt applicable to the limit as a percentage of debt limit	14%	6%	6%	7%	9%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt Limit	\$ 1,097,690,753	\$ 1,029,432,513	\$ 986,901,647	\$ 943,987,892	\$ 908,609,638
Total net debt applicable to limit	<u>113,798,957</u>	<u>124,823,499</u>	<u>148,185,000</u>	<u>168,855,000</u>	<u>183,665,000</u>
Legal debt margin	<u><u>\$ 983,891,796</u></u>	<u><u>\$ 904,609,014</u></u>	<u><u>\$ 838,716,647</u></u>	<u><u>\$ 775,132,892</u></u>	<u><u>\$ 724,944,638</u></u>
Total net debt applicable to the limit as a percentage of debt limit	10%	12%	15%	18%	20%

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

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

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

<u>Year</u>	<u>Population</u>		<u>Personal Income (thousands)</u>		<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2023	1,080,300	\$	61,910,157	\$	58,232	3.8 %	487,844
2022	1,072,298		57,601,036		54,464	3.8	554,021
2021	1,058,318		25,003,587		45,789	3.9	546,061
2020	1,052,375		26,557,551		48,373	7.3	549,016
2019	1,044,675		24,845,159		45,456	8.0	546,576
2018	1,034,201		23,930,525		44,030	5.2	543,505
2017	1,033,781		22,475,960		41,811	4.3	537,566
2016	1,025,044		21,501,766		40,339	4.5	533,023
2015	1,016,746		20,986,836		39,695	5.0	528,706
2014	1,022,079		20,335,120		38,261	5.6	531,481

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

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

Employer	2024		2015	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Raytheon Missile Systems	13,030	3.69 %	9,933	2.37 %
United States Department of the Air Force	12,360	3.50		
University of Arizona	9,140	2.59	11,047	2.63
Banner University Medical Center Tucson	5,570	1.58		
Wal-Mart Stores, Inc.	4,590	1.30	5,200	1.24
Tucson Medical Center	4,530	1.28		
Amazon	3,620	1.03		
State of Arizona	3,580	1.01	9,439	2.25
Pima County	2,870	0.81	7,328	1.74
Southern Arizona VA Health Care System	2,800	0.79		
Davis Monthan AFB			8,933	2.13
Tucson Unified School District			5,751	1.37
University of Arizona Health Network			6,329	1.51
Fort Huachuca			5,717	1.36
Freeport-McMoran Mining			5,600	1.33
Total	<u>62,090</u>	<u>17.58 %</u>	<u>75,277</u>	<u>17.93 %</u>
Total employment	<u>352,930</u>		<u>420,000</u>	

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

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

	Full-time Equivalent Employees as of June 30				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Function					
Instruction	3,458	3,408	3,319	3,294	3,452
Support services - students and staff	1,125	1,100	1,006	977	981
Support services - administration	440	425	414	396	420
Operation and maintenance of plant services	684	661	629	640	555
Student transportation services	310	285	283	333	467
Operation of non-instructional services	251	250	241	272	306
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u><u>6,268</u></u>	<u><u>6,129</u></u>	<u><u>5,892</u></u>	<u><u>5,912</u></u>	<u><u>6,181</u></u>

(Continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Function					
Instruction	3,449	3,312	3,163	3,050	3,194
Support services - students and staff	924	890	834	676	762
Support services - administration	463	462	1,019	987	902
Operation and maintenance of plant services	651	656	425	412	396
Student transportation services	388	396	351	321	312
Operation of non-instructional services	<u>295</u>	<u>310</u>	<u>174</u>	<u>198</u>	<u>185</u>
Total	<u><u>6,170</u></u>	<u><u>6,026</u></u>	<u><u>5,966</u></u>	<u><u>5,644</u></u>	<u><u>5,751</u></u>

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

Note: This data includes both vacant and filled positions.

(Concluded)

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

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2024	37,758	\$ 551,271,786	\$ 14,600	0.81 %	\$ 636,402,895	\$ 16,855	6.07 %	2,753	13.7	70.3 %
2023	38,680	560,177,958	14,482	7.78	614,607,054	15,890	20.64	2,745	14.1	76.6
2022	39,335	528,551,216	13,437	19.76	518,090,267	13,171	9.86	2,737	14.4	66.1
2021	39,293	440,873,230	11,220	6.53	471,095,179	11,989	4.34	2,742	14.3	52.9
2020	42,060	442,988,479	10,532	0.73	483,295,531	11,491	7.82	2,825	14.9	70.3
2019	42,484	444,224,807	10,456	5.42	452,759,340	10,657	4.87	2,842	14.9	63.9
2018	43,835	434,791,664	9,919	5.91	445,470,477	10,162	4.56	3,176	13.8	67.6
2017	44,560	417,338,188	9,366	11.41	433,095,408	9,719	6.71	3,163	14.1	71.0
2016	45,870	385,608,659	8,407	1.51	417,789,123	9,108	0.01	3,050	15.0	75.0
2015	45,802	379,294,386	8,281	1.43	417,137,725	9,107	(1.68)	3,194	14.3	74.9

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

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

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

	Fiscal Year Ended June 30									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schools</u>										
Elementary										
Buildings	489	489	489	489	490	490	490	493	519	519
Square feet	2,393,676	2,393,676	2,393,676	2,393,676	2,447,043	2,447,043	2,447,043	2,557,066	2,750,819	2,750,849
Capacity	28,950	28,950	28,950	28,950	28,950	28,950	28,950	26,220	31,600	31,600
Enrollment	17,536	18,031	18,031	18,167	18,132	21,366	20,479	21,543	22,095	22,619
Middle										
Buildings	126	126	126	126	126	126	126	126	126	126
Square feet	1,825,448	1,825,448	1,825,448	1,825,448	1,825,448	1,732,852	1,732,852	1,823,702	1,823,702	1,823,702
Capacity	17,125	17,125	17,125	17,125	17,125	17,125	17,125	20,850	20,850	20,850
Enrollment	8,840	8,797	8,797	9,209	9,495	10,023	10,004	10,067	10,152	12,816
High										
Buildings	119	119	119	119	119	118	118	118	118	118
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	3,411,819
Capacity	21,575	21,575	21,575	21,575	21,575	21,575	21,575	21,575	21,575	21,575
Enrollment	12,607	13,931	13,931	14,143	13,760	14,166	14,088	14,253	14,214	14,404
Other										
Buildings	86	95	104	104	104	104	104	104	92	93
Square feet	435,925	471,383	506,841	506,841	506,841	506,841	506,841	506,841	559,201	428,082
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	748	441	441	364	383	174	174	174	174	174
<u>Administrative</u>										
Buildings	93	93	93	93	92	91	91	91	91	91
Square feet	523,366	523,366	523,366	523,366	484,196	460,301	460,301	460,301	460,301	460,301
<u>Transportation</u>										
Garages	14	14	14	14	14	14	14	14	14	14
Buses	341	341	341	341	341	341	341	323	318	341
<u>Athletics</u>										
Multi-purpose fields	9	9	9	9	9	9	9	9	9	9
Football fields	9	9	9	9	9	9	9	9	9	9
Running tracks	9	9	9	9	9	9	9	9	9	9
Baseball/softball	36	36	36	36	36	36	36	36	36	36
Swimming pools	2	2	2	2	2	2	2	2	2	2

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

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