2023

Annual Comprehensive Financial Report

Tucson Unified School District No. 1 • Tucson, Arizona
for the Fiscal Year Ended June 30, 2023

Tucson Unified School District No. 1

Tucson, Arizona

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

Issued by:
Financial Services Department

Tucson Unified School District No. 1

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Introductory Section

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March 27, 2024

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, 2023.

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, 2023, 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, 2023, 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

Everything Under the Sun Video about District Programs
https://tinyurl.com/TUSD4ALL

Tucson Unified School District is the oldest school district in Arizona. The Pima County Board of Supervisor met on November 18, 1867, to officially establish School District No. 1 of Pima County, before Arizona was admitted to the Union. 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. The District's first class began with an enrollment of 55 students. Over 150 years later, TUSD provides public education services to over 41,000 students from Pre-Kindergarten through grade 12. District schools 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 second largest school district in Arizona (over 100 school and specialty programs) and among the largest districts in the United States, Tucson Unified's 2022-23 student enrollment is approximately 82 percent from diverse racial and ethnic groups and more than 90 world languages are spoken in TUSD. The District offers extensive educational programs, such as advanced learning experiences (ALE), career and technical education (CTE), gifted and talented education (GATE), award-winning fine arts, bilingual and multicultural education. The District is composed of traditional comprehensive schools, magnet schools, flexible alternative programs customized to meet our students' needs. The newest addition was the establishment of the Tucson Unified Virtual Academy, which provide asynchronous and synchronous virtual instruction. The District is also a member of the Pima Joint Technical Education District (JTED), a career and technical education district that provides students with hands-on skills for their career or college path.

Each school district is a separate political subdivision of the state with geographic boundaries organized for the purpose of the administration, support and maintenance of public schools. The District's purpose and responsibility is to provide a 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 level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total adopted expenditure budget. 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 may have overexpenditures of budgeted funds as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented.

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 1.1 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, and the Tucson International Mariachi Conference. The Tucson Metropolitan Statistical Area (MSA) increased its population by 1.3% in 2022, which ranked fourth out of 12 western MSA; only surpassed by Phoenix, San Antonio and Austin. The Tucson MSA is home to approximately 1.1 million residents. According to the Eller Economic and Business Research Center, the Tucson MSA was significantly impacted by the Great Recession of 2008, with a decline of 6.6%. Tucson GDP growth rebounded in 2010, but remained below national rates until 2016, when Tucson exceeded the national rate. A significant decline was posted during the first year of the COVID-19 pandemic in 2020, which was higher than the national rate. The actual growth rate of nonfarm jobs for FY2022 was approximately 3.2%

State funding. The State budget for fiscal year 2022-23 included a significant increase to the Base Support Level of 8.8%, which includes the statutorily required 1.2% inflationary increase for all public schools. The per pupil allocations for Capital funding also received an increase for the first time in recent history. This additional capital allocation provided the District the capacity to focus on additional capital needs that have been deferred due to a lack of shared capacity between instructional and infrastructure improvements. The legislature also implemented two significant increases that benefited the district's fiscal year 2022-23 budget. First, a new added student weight was established for students who are eligible for free or reduced priced lunch through the National School Lunch Program. The added student weight provided the district over $2.3 million in additional revenue for its General Fund. Additionally, the increase in specific student weights related to specific groups of students who have special needs also provided the District with over $4.5 million in additional revenues. The creation of these base increases and additional student weights established improved baselines across the major sources of funding for the District's operations.

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

On, March 15, 2020, the governor mandated a state-wide school closure. The District swiftly procured approximately $4.0 million in student laptop devices and distributed these to District families to enable students to work from home and complete the 2019-20 school year remotely.

On March 27, 2020, House Bill 2910 was signed into law. It mandated the District continue to pay all employees through the remainder of the closure. The continued payment of salaries in the certain areas posed a hardship due to the loss of revenue during the school closures. Therefore, the district was able to fund some of these losses with the $18.5 million in relief funding received through the CARES Act in addition to monies funded by the Enrollment Stability Grant. The District began a remote instructional model in the 4th quarter of the 2019-20 school year. On June 29, 2020, the governor signed executive order 2020-44 *Protecting Public Health for Students and Teachers* which delayed the opening of in-person school until August 17, 2020. Districts that opted to offer distance learning models were funded at a lower rate consistent with Arizona Online Instruction Programs (AOI). Full-time students are funded at 95% and part-time students are funded at 85%.

On July 23, 2020, the governor signed executive order 2020-51 *Arizona: Open for Learning* which required schools to offer on-site learning opportunities. The District offered on-site learnings spaces as it relied upon and monitored public health metrics. The District operated under a remote instructional model for the first three quarters of the school year.

On March 3, 2021, the governor signed executive order 2021-04 *Open for In-Person Learning* which required all school districts to return to In-Person Learning by the start of the fourth quarter. The District opened full in- person learning on March 22, 2021, while continuing to offer a remote instructional model to accommodate students who opted not to attend in person.

The impact on the District's average daily membership resulted in a loss of 2,767 or -6.6%. The District was able to offset the revenue reduction with funding from the Enrollment Stability Grant (ESG) and Elementary and Secondary School Emergency Relief (ESSER) grants.

The District received a total award of $15.2 million from the Enrollment Stability Grant Grant (ESG) which covers expenditures from March 1, 2020 through December 30, 2020. In addition to the ESG, the District received approximately $267.8 million from the Elementary and Secondary School Emergency Relief (ESSER) grant program. The District was allocated $18.5 million from ESSER I, which expired on September 30, 2022. From ESSER II, the District received $76.4 million, this program expired on September 30, 2023, and finally, the ESSER III allocation totaled approximately $172.9 million and is scheduled for expiration on September 30, 2024. Tucson Unified received the largest share of ESSER funds of all Arizona's public school districts.

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

A. Five-Year Strategic Plan:

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

In fiscal year 2019-20, the District began the process of developing a new strategic plan. However, due to the COVID-19 pandemic, the process was delayed, but the work continued with input from community members and District stakeholders. The new Five-Year Strategic Plan was approved by the Governing Board in fiscal year 2021-22. The new plan will focus on five key pillars: Excellence, Innovation, Integrity, Diversity, and Caring Community. These will be driven by six key goals: Future-Focused Learning; Social and Emotional Well-Being; Equity, Diversity, and Inclusion; Professional Growth, Community Strength, and Optimized Resources. The District's vision under this new plan is, "Inspiring a diverse 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." Baseline key performance indicators were developed in Spring 2023, and the plan will be implemented in earnest in the 2023-24 school year.

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, ELL status, or socio-economic background – would been 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 facility manage, delivery 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 refocus its efforts on technology infrastructure investments. By the Spring 2020, the District was pressed to become a 1-to-1 student to laptop district. This was a crucial component of transitioning to a full remote learning experience for all 40,000+ students. In addition to the deployment of over 20,000 student devices, the District made Internet hotspot devices available to families in need of Internet access. As in-person instruction returned to the classroom, the District redoubled its efforts to improving network infrastructure at District campuses were completed to accommodate the new technology and added load on existing systems. The District developed a multiyear plan that culminated in a 1-to-1 device for all 40,000+ students and over 4,000 instructional staff. These devices are now deployed and part of the normal operations of the District's instruction and operations. The initiative was primarily funded using federal ESSER funds. The District also leveraged nearly $14 million in funding from the Emergency Connectivity Fund (ECF) to help with the expansion and upgrade to the District's network. As pandemic era funds are set to expire, the District is incorporating this initiative into the District's capital improvement plan and a potential bond program for the November 2023 ballot.

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:

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.

Under Paragraph G of §15-910 of Arizona Revised Statutes, local property taxes fund the District's efforts 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. 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 2022-23 year, or are currently under way are:

- The Enrollment Recovery Taskforce implemented a districtwide online registration system via the ParentVue portal on EduPoint, the District's student information system. This allows families to register current students or register potential students in any of the district's 88 schools.

- In Fiscal Year 2022-23, the District experienced a decline of 1.5% of its student's enrollment compared to the prior fiscal year. This was the first time since fiscal year 2020-21 that the District experienced a decline in enrollment. The enrollment decline was on par with the overall decline of the student-age population across Pima County. Moreover, the implementation of universal empowerment scholarship accounts (ESA), commonly known as school vouchers, has incentivized the decline of public school student enrollment across Arizona.

- The District continued its expanded summer school program and made summer enrichment programs available to all TUSD students to help stem the learning loss as a result of the COVID-19 pandemic.

- 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 2023, the district exceeded this threshold.

- In November 2021, City of Tucson voters approved a minimum wage ordinance that requires a minimum wage within the city limits of $15.00 per hour by January 1, 2025. In May 2022, the Governing Board approved a $13.50 minimum wage effective July 1, 2022, to coincide with the increase under the new voter approved ordinance. However, considering additional revenues from the State to public schools, the Governing Board approved a $15.00 minimum wage for all District employees effective July 1, 2022, nearly 3 years ahead of schedule.

- In May 2022, the Governing Board approved a compression and market wage adjustment for essential positions, such as school bus drivers, effective July 1, 2022 – a nearly $8.0 million investment. In November 2022, the District implemented a second wage compression adjustment for non-administrative or certified classifications across the District. The compression adjustment, coupled with a general salary increase, provided some employees with increases that exceed the cost of inflation. This $11.0 million investment was in addition to the investments for essential positions and the new minimum wage.

- In Spring 2021, the Pima County Board of Supervisors committed $10 million to fund the *Pima Early Education Program Scholarships* (PEEPS) for high quality preschool education across Pima County for low-income families. TUSD signed a 3-year agreement up to 8 new preschool classrooms totaling over $3.1 million, by the end of fiscal year 2023, TUSD had established all 8 classrooms serving 116 students – at no cost to families. As an additional initiative, the district invested nearly $1.0 million to provide free before-and-after school programs to all TUSD students in one of the District's community school programs, or the City of Tucson's KIDCO program.

- Like other districts across the country, the District has had to focus on the need to invest in capital and facilities upgrades related to the safety and security of schools. The Governing Board approved an initial investment of $2.5 million in improvements to safety infrastructure at identified schools to help mitigate the safety and security issues. School safety will be a primary component of the District's proposed bond election.

- Finally, in June 2023, the Governing Board issued a call for a special bond election for the school district. The bond election authorizes the District to issue $480.0 million in school improvements to invest across five major areas: repairs and upgrades to existing facilities, improvements to classrooms and learning spaces, health, security, and safety, access to updated technology, student transportation, and support vehicles and equipment. This would be the largest bond issuance in the District's history.

F. Other Major Initiatives:

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

- Expanded school safety and classroom management
- Tier 1 highly effective teaching strategies
- Expansion of two-way dual language
- Full rollout of Tucson Unified Virtual Academy (TUVA) as a standalone online school
- Implementation of New Administrator Mentorship program
- Rollout of a Multi-Tiered System of Support (MTSS) Coordinators across the District
- Dedicated recruitment coordinator for highly qualified teachers
- Planning on the expansion of the Innovation Tech High School (ITHS) with the Pima County JTED
- Planning pilot program for reconfiguring select K-5 schools to K-6 schools for school year 2024-25

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, 2022. This was the thirty-eighth 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, 2022. 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, 2023 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 2022-23 school year, the following recognitions have been awarded across the District:

- Eight University High School students selected as National Merit Scholarship Winners and 20 selected as semi-finalists.
- Pueblo High School student selected as winner of the California Sol Great Debate
- Finalist for National Institute of Governmental Procurement (NIGP) Public Procurement Award
- Sabino High School Coaching Staff of the Year from National Fastpitch Coaches Association
- Tucson High Magnet School Film & TV Student Achievement Award winner from the Rocky Mountain Emmy Awards
- University High School teacher selected for the 2022 Yale Educator Award
- College Board National Recognition Program for students at University High School
- 50th anniversary of ballet folklorico "Los Tucsonenses" de Tucson High Magnet School
- Pima County Legendary Teacher Award for Pueblo High School teacher

- Sabino High School Assistant Principal recognized as a 40 Under 40 Award winner by the Tucson Hispanic Chamber of Commerce
- Vail Middle School STEM Teacher recognized with the 2022 Raytheon Leaders in Education Award
- Tucson High Magnet School student selected as the winner of the Arizona Association of Latino Administrators and Superintendents Mes de la Cultura Art Contest
- Rincon/University High School marching band placed 2nd at the 2022 Arizona Marching Band Association Championship
- Sabino High School teacher selected as Outstanding Teacher for American History for the State of Arizona
- Rincon High School yearbook 1st place winner of the Entourage 2022 National Yearbook Contest
- Seventeen TUSD teachers received their National Board Certifications
- Palo Verde High School and Catalina High School students selected as Arizona Student Success Stories by the Arizona Department of Education's Office of English Language Acquisition Services
- Carrillo K-5 Magnet School and Mansfeld Middle Magnet School selected as National Merit Schools of Excellence by the Magnet Schools of America
- Tucson High School selected as a National Merit School of Distinction by the Magnet Schools of America
- Three TUSD school nurses earned National Board Certification for school nursing
- Sabino High School softball team 2023 state conference champions
- Tucson High Magnet School #1 in Arizona Career and Technical Education Spring 2023 assessments – highest performing school for digital photography
- University High School student named 2023 U.S. Presidential Scholar
- Two University High School students selected as 2023 Flinn Scholars
- Ochoa Community School celebrated its 100th anniversary
- Rincon High School teacher selected as the Chicanos Por La Causa Latino Teacher Award
- Donation from Vantage West Credit Union paid off over $27,000 student lunch debt through February 2023

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

- State achievement testing successes:
  - In English Language Arts, schools demonstrated between a 4% and 8% increase in proficiency from the prior school year
  - Third graders demonstrated 8% increase in English Language Arts proficiency, the greatest year over year increase.
  - The District saw a 10% and 11% increase in Math proficiency, respectively, for grades 3 and 4.
- New letter grades showed dramatic improvement and academic growth across TUSD:
  - 30% of TUSD school increased their letter grades, while 46% retained the same grade
  - Over half of TUSD schools earned a letter grade of an "A" or "B"
  - No schools in TUSD earned a letter grade of an "F"
  - Five schools improved their grades by two letter grades, including one school (Safford MS) improved an "F" to a "C"
- The expansion of the District's summer school programs resulted in a peak enrollment of over 11,000 students or approximately 1 in 4 TUSD students attended.

- Updated the Code of Conduct that is user and mobile friendly, while increasing classroom autonomy and control for teachers.
- Over the last 4 years, a 66% reduction in teacher vacancies has been achieved.
- School letter grades have increased 21% over last year.
- All schools have installed Keyless entry systems with cameras.
- Establish Extended Day Learning Academy in all high schools to help with credit recovery.
- Expanded the Career and Technical Education (CTE) programs throughout the District.
- Innovation Tech High School, a joint high school with the Pima County Joint Technical Education District (JTED), focusing on CTE programs

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

Magnet – Specializing in STEAM/STEM and the Arts.
Gifted and Talented Education (GATE) – Classes are available in most schools, as well as full-day programs are available.
Dual Language – Spanish /English classes are growing, and students are achieving higher than average test scores as each year.
Dual Credit – Enables students to receive simultaneous academic credit from both the college and high school, saving students thousands of dollars.
International Baccalaureate Program (IB) – Aims to develop inquiring, knowledgeable and caring young people who help to create a better and more peaceful world through intercultural understanding and respect.
Career and Technical Education (CTE) – Prepares students for workforce success and continuous learning.
Advancement Via Individual Determination (AVID) – A school-wide **college- and career-readiness system.**
Teenage Parent High School (TAP) – Supporting pregnant and parenting teens to continue their education and graduate from high school.
Exceptional Education – Developing special education support programs to ensure the success of all levels of learners. Tucson Unified has one of the largest coordinated programs in Arizona.
Innovation Tech High School – a High School Partnership with Pima County JTED where students can receive their High School Diploma while taking career and technical education courses and receive certifications.
Tucson Unified Virtual Academy program (TUVA)- Tucson Unified Virtual Academy is TUSD's newest school supporting students in kindergarten through 12th grade that prefer a remote (virtual) learning environment, while supporting a stronger instructional presence.

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 1

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

John W. Hutchison
President

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tucson Unified School District No. 1
Arizona

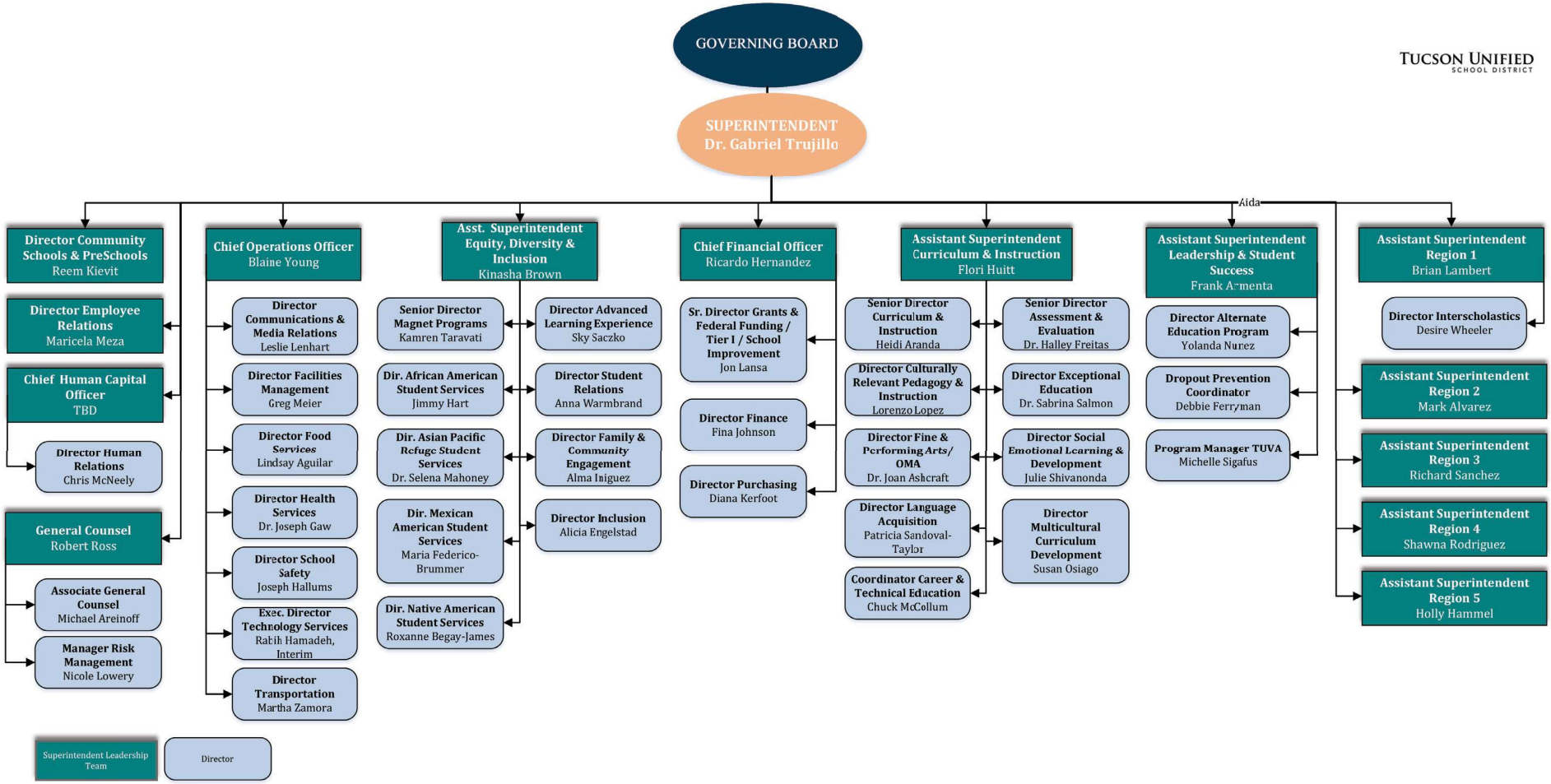
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

TUCSON UNIFIED SCHOOL DISTRICT
ORGANIZATIONAL CHART 2022-2023



11/28/2022

Tucson Unified School District No. 1

List of Principal Officials

Governing Board

Dr. Ravi Shah, President
Val Romero, Clerk
Jennifer Eckstrom, Member
Natalie Luna Rose, 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 & Student Success
Dr. Kinasha Brown, Equity, Diversity & Inclusiveness
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

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, 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 27, 2024

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

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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, 2023. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The District's total net position of governmental activities increased $68.7 million which represents an 22 percent increase from the prior fiscal year as a result of an increase in state equalization funding due to an increase in the funding formula adopted by the state legislature.

- General revenues accounted for $434.0 million in revenue, or 64 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for $248.4 million or 36 percent of total current fiscal year revenues.

- The District had approximately $614.6 million in expenses related to governmental activities, an increase of 19 percent from the prior fiscal year primarily due to overall salary and wage increases.

- Among major funds, the General Fund had $385.9 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and $372.6 million in expenditures. The General Fund's fund balance increase from $60.9 million at the prior fiscal year end to $84.5 million at the end of the current fiscal year was primarily due to an increase in state equalization funding due to an increase in the funding formula adopted by the state legislature.

- Net position for the Internal Service Funds increased $6.8 million from the prior fiscal year. Operating revenues of $43.2 million exceeded operating expenses of $37.1 million at the end of the current fiscal year.

Overview of Financial Statements

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

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

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

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.

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

Overview of Financial Statements

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $380.2 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.

Government-Wide Financial Analysis

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	As of June 30, 2023	As of June 30, 2022
Current assets	$ 251,033,901	$ 237,342,569
Capital assets, net	636,870,059	616,953,180
Total assets	887,903,960	854,295,749
Deferred outflows	76,736,106	85,912,443
Current and other liabilities	47,564,505	55,229,524
Long-term liabilities	511,551,844	441,855,096
Total liabilities	559,116,349	497,084,620
Deferred inflows	25,339,077	132,432,705
Net position:		
Net investment in capital assets	532,560,007	501,423,914
Restricted	66,217,962	69,842,910
Unrestricted	(218,593,329)	(260,575,957)
Total net position	$ 380,184,640	$ 310,690,867

At the end of the current fiscal year the District reported a negative unrestricted net position of $218.6 million as a result of an unfunded pension liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

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

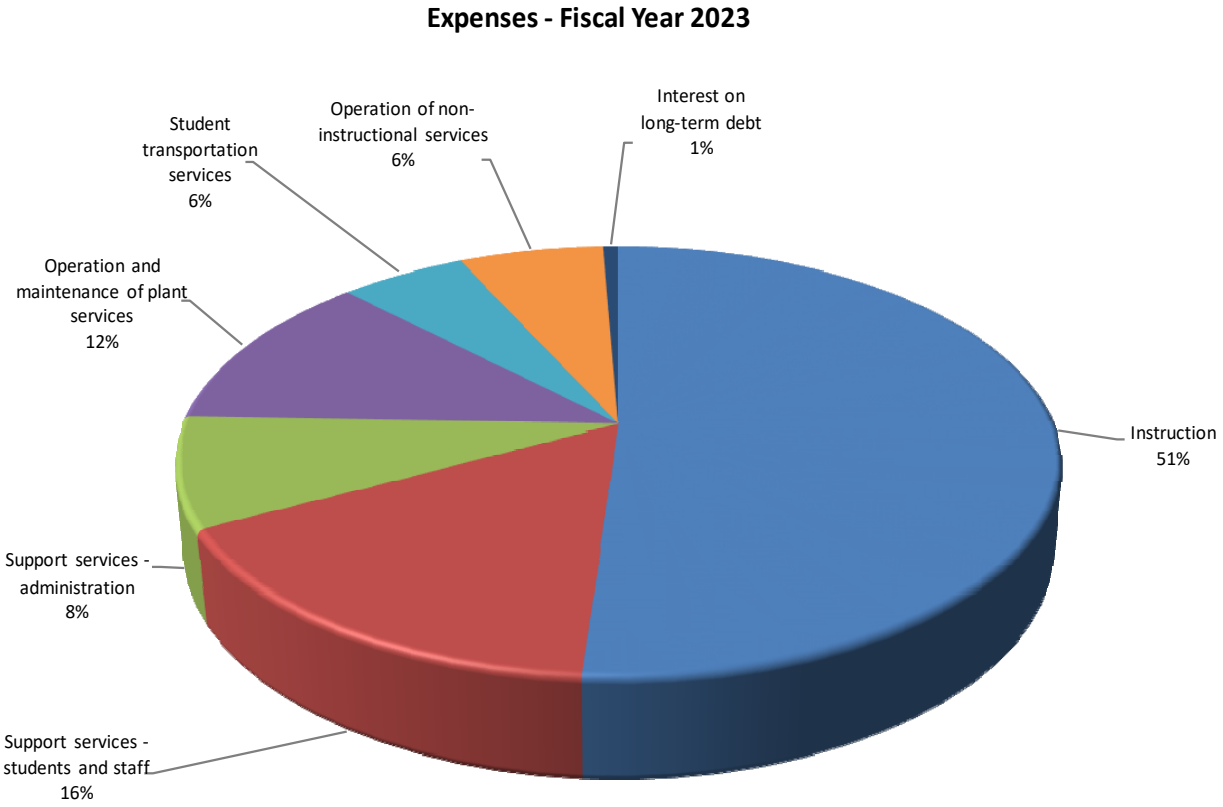
- The principal retirement of $13.0 million of bonds and $2.0 million of bond premium.
- The principal retirement of $2.8 million of financed purchases.
- The principal retirement of $1.7 million of leases and SBITAs.
- The addition of $46.8 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The depreciation of existing assets resulting in the addition of $27.3 million in accumulated depreciation.
- The increase of $91.2 million in pension liabilities and decrease of $97.3 million in pension deferred inflows of resources.
- The addition of $3.2 million of financed purchase agreements.
- The addition of $1.8 million of leases and SBITAs.

Government-Wide Financial Analysis

Changes in net position. The District's total revenues for the current fiscal year were $682.4 million. The total cost of all programs and services was $614.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
Revenues:		
Program revenues:		
Charges for services	$ 13,255,863	$ 10,728,390
Operating grants and contributions	190,238,414	194,453,946
Capital grants and contributions	44,866,682	5,623,970
General revenues:		
Property taxes	197,256,241	205,357,795
Investment income	2,660,543	(67,131)
Unrestricted state aid	229,000,428	161,802,252
Unrestricted federal aid	5,122,889	5,665,941
Other		3,016,162
Total revenues	682,401,060	586,581,325
Expenses:		
Instruction	314,031,930	286,371,418
Support services - students and staff	99,430,592	83,090,999
Support services - administration	50,784,823	43,638,490
Operation and maintenance of plant services	74,205,351	58,210,084
Student transportation services	33,767,346	24,822,279
Operation of non-instructional services	38,551,420	17,975,571
Interest on long-term debt	3,835,592	3,981,426
Total expenses	614,607,054	518,090,267
Excess (deficiency) before special item	67,794,006	68,491,058
Special item - Gain on sale of asset	906,010	
Changes in net position	68,700,016	68,491,058
Net position, beginning, as restated	311,484,624	242,199,809
Net position, ending	$ 380,184,640	$ 310,690,867

Government-Wide Financial Analysis



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

- State aid revenues increased $67.2 million due to an increase in state equalization funding due to an increase in the funding formula adopted by the state legislature.
- The increase of $39.2 million in capital grants and contributions was primarily due to increased COVID-19 federal funding for school improvements.
- The overall increase in expenses of $96.5 million was due to overall salary and wage increases.

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.

Government-Wide Financial Analysis

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	$ 314,031,930	$ (187,105,943)	$ 286,371,418	$ (153,160,446)
Support services - students and staff	99,430,592	(50,424,560)	83,090,999	(54,418,078)
Support services - administration	50,784,823	(44,932,697)	43,638,490	(38,627,489)
Operation and maintenance of plant services	74,205,351	(45,926,146)	58,210,084	(51,397,579)
Student transportation services	33,767,346	(31,636,438)	24,822,279	(17,054,317)
Operation of non-instructional services	38,551,420	(3,052,709)	17,975,571	10,603,189
Interest on long-term debt	3,835,592	(3,167,602)	3,981,426	(3,229,241)
Total	$ 614,607,054	$ (366,246,095)	$ 518,090,267	$ (307,283,961)

- The cost of all governmental activities this year was $614.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of $682.4 million.
- Net cost of governmental activities of $366.2 million was financed by general revenues, which are made up of primarily property taxes of $197.3 million and state aid of $229.0 million. Investment earnings accounted for $2.7 million of funding.

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 $103.5 million, a decrease of $10.1 million due primarily to pending federal grant reimbursements outstanding at year end.

Financial Analysis of The District's Funds

The General Fund comprises 82 percent of the total fund balance. Approximately $78.0 million, or 92 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 $23.6 million to $84.5 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 $31.5 million as a result of an increase in state equalization funding due to an increase in the funding formula adopted by the state legislature. General Fund expenditures increased $22.3 million as a result of overall salary and wage increases.

The Federal and State Grants Fund's fund balance decreased $36.2 million to a deficit of $29.0 million at fiscal year as a result of pending federal grant reimbursements outstanding at year end. The Federal and State Grants Fund revenues increased $31.1 million and expenditures increased $65.6 million due to increased COVID-19 federal funding for school improvements.

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to $29.6 million. The increase of $6.8 million from the prior fiscal year was primarily due to increased employee contributions, fewer claim expenses, 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 $539,692 increase, or less than one 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 $33.5 million in instruction and $5.9 million in support services – students and staff was a result of significant personnel turnover.

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 $40.8 million from the prior fiscal year, primarily due to school improvement construction and vehicle purchases. Total depreciation expense for the current fiscal year was $27.3 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2023 and June 30, 2022.

	As of June 30, 2023	As of June 30, 2022
Capital assets - non-depreciable	$ 40,478,897	$ 27,763,359
Capital assets - depreciable, net	596,391,162	589,189,821
Total	$ 636,870,059	$ 616,953,180

The estimated cost to complete current construction projects is $148.0 million.

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

Debt Administration. At year end, the District had $106.6 million in long-term debt outstanding, $16.0 million due within one year. Long-term debt decreased by $14.5 million.

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 $1.4 billion and the Class B debt limit is $903.4 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.

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 2023-24 budget. Among them:

- Fiscal year 2022-23 budget balance carry forward (estimated $24.0 million).
- District student population (estimated 38,669).

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

Budgeted expenditures in the General Fund increased six percent to $394.9 million in fiscal year 2023-24. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2023-24 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, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	$ 55,685,070
Property taxes receivable	22,089,891
Accounts receivable	1,383,960
Contributions receivable	2,894,636
Due from governmental entities	153,882,625
Inventory	3,705,383
Leases receivable	11,392,336
Total current assets	251,033,901
Noncurrent assets:	
Capital assets not being depreciated	40,478,897
Capital assets, net accumulated depreciation	590,586,849
Right-to-use assets, net accumulated amortization	5,804,313
Total noncurrent assets	636,870,059
Total assets	887,903,960
Deferred outflows of resources	
Deferred charge on refunding	2,326,231
Pension plan items	74,409,875
Total deferred outflows of resources	76,736,106
Liabilities	
Current liabilities:	
Accounts payable	23,588,479
Claims payable	3,893,750
Accrued payroll and employee benefits	15,327,373
Unearned revenues	2,890,437
Compensated absences payable	351,199
Financed purchases payable	2,660,975
Leases payable	890,089
SBITA payable	892,235
Bonds payable	11,530,000
Total current liabilities	62,024,537
Noncurrent liabilities:	
Non-current portion of long-term obligations	497,091,812
Total noncurrent liabilities	497,091,812
Total liabilities	559,116,349
Deferred inflows of resources	
Pension plan items	14,218,341
Leases	11,120,736
Total deferred inflows of resources	25,339,077
Net position	
Net investment in capital assets	532,560,007
Restricted for:	
Instruction	33,825,311
Food service	7,311,229
Non-instructional purposes	9,468,142
Debt service	12,699,428
Capital outlay	2,913,852
Unrestricted	(218,593,329)
Total net position	$ 380,184,640

The notes to the basic financial statements are an integral part of this statement.

Tucson Unified School District No. 1
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Instruction	$ 314,031,930	$ 8,152,682	$ 91,421,525	$ 27,351,780	$ (187,105,943)
Support services - students and staff	99,430,592		49,006,032		(50,424,560)
Support services - administration	50,784,823		5,852,126		(44,932,697)
Operation and maintenance of plant services	74,205,351	1,473,064	9,739,688	17,066,453	(45,926,146)
Student transportation services	33,767,346		2,130,908		(31,636,438)
Operation of non-instructional services	38,551,420	3,630,117	31,420,145	448,449	(3,052,709)
Interest on long-term debt	3,835,592		667,990		(3,167,602)
Total governmental activities	$ 614,607,054	$ 13,255,863	$ 190,238,414	$ 44,866,682	(366,246,095)
General revenues					
Property taxes					197,256,241
Investment income					2,660,543
Unrestricted state aid					229,000,428
Unrestricted federal aid					5,122,889
Total general revenues					434,040,101
Special item - gain on sale of asset					906,010
Changes in net position					68,700,016
Net position, beginning of year, as restated					311,484,624
Net position, end of year					$ 380,184,640

The notes to the basic financial statements are an integral part of this statement.

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Fund Financial Statements

Tucson Unified School District No. 1
Balance Sheet
Governmental Funds
June 30, 2023

	General	Federal and State Grants	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$	$	$ 23,355,711	$ 23,355,711
Property taxes receivable	20,297,198		1,792,693	22,089,891
Accounts receivable	797,572		476,622	1,274,194
Due from governmental entities	39,330,732	105,258,380	9,293,513	153,882,625
Due from other funds	65,071,758		24,037,996	89,109,754
Inventory	1,689,829		2,015,554	3,705,383
Leases receivable			11,392,336	11,392,336
Total assets	$ 127,187,089	$ 105,258,380	$ 72,364,425	$ 304,809,894
Liabilities				
Accounts payable	$ 12,040,848	$ 5,930,358	$ 5,617,273	$ 23,588,479
Due to other funds		87,467,841	1,641,913	89,109,754
Accrued payroll and employee benefits	13,097,095	1,934,785	295,493	15,327,373
Unearned revenues	16,931	2,873,506		2,890,437
Total liabilities	25,154,874	98,206,490	7,554,679	130,916,043
Deferred inflows of resources				
Unavailable revenues - property taxes	17,533,083		1,506,140	19,039,223
Unavailable revenues - intergovernmental		36,051,446	4,197,934	40,249,380
Leases			11,120,736	11,120,736
Total deferred inflows of resources	17,533,083	36,051,446	16,824,810	70,409,339
Fund balances				
Nonspendable	1,689,829		2,015,554	3,705,383
Restricted	4,833,754		50,810,624	55,644,378
Unassigned	77,975,549	(28,999,556)	(4,841,242)	44,134,751
Total fund balances	84,499,132	(28,999,556)	47,984,936	103,484,512
Total liabilities, deferred inflows of resources and fund balances	$ 127,187,089	$ 105,258,380	$ 72,364,425	$ 304,809,894

The notes to the basic financial statements are an integral part of this statement.

Tucson Unified School District No. 1
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds		**$ 103,484,512**
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	$ 1,162,659,917	
Less accumulated depreciation/amortization	(525,789,858)	
		636,870,059
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Property taxes	19,039,223	
Intergovernmental	40,249,380	
		59,288,603
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.		2,326,231
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	74,409,875	
Deferred inflows of resources related to pensions	(14,218,341)	
		60,191,534
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.		29,575,545
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(2,109,264)	
Financed purchases payable	(17,083,990)	
Leases payable	(3,025,105)	
SBITAs payable	(2,710,073)	
Bonds payable	(83,817,115)	
Net pension liability	(402,806,297)	
		(511,551,844)
Net position of governmental activities		**$ 380,184,640**

The notes to the basic financial statements are an integral part of this statement.

Tucson Unified School District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Federal and State Grants	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Other local	$ 6,579,160	$	$ 13,478,792	$ 20,057,952
Property taxes	182,320,305		18,173,162	200,493,467
State aid and grants	191,902,422	1,717,383	44,461,364	238,081,169
Federal aid, grants and reimbursements	5,122,889	159,710,103	21,035,298	185,868,290
Total revenues	385,924,776	161,427,486	97,148,616	644,500,878
Expenditures				
Current:				
Instruction	159,520,110	87,261,946	30,904,579	277,686,635
Support services - students and staff	51,808,190	47,702,724	2,414,640	101,925,554
Support services - administration	38,463,590	5,696,490	832,740	44,992,820
Operation and maintenance of plant services	63,800,880	8,359,213	547,704	72,707,797
Student transportation services	23,098,918	2,074,237	270,498	25,443,653
Operation of non-instructional services	2,076,596	9,026,934	26,317,969	37,421,499
Capital outlay	31,633,444	33,703,049	14,609,333	79,945,826
Debt service:				
Principal retirement	2,199,279	111,905	15,176,055	17,487,239
Interest and fiscal charges	47,747	4,668	4,692,254	4,744,669
Total expenditures	372,648,754	193,941,166	95,765,772	662,355,692
Excess (deficiency) of revenues over expenditures	13,276,022	(32,513,680)	1,382,844	(17,854,814)
Other financing sources (uses)				
Transfers in	4,733,729		2,170,384	6,904,113
Transfers out	(2,170,384)	(3,733,729)	(1,000,000)	(6,904,113)
Financed purchase agreements	3,151,959			3,151,959
Lease agreements	471,914			471,914
SBITA agreements	1,359,895			1,359,895
Insurance recoveries	64,251			64,251
Proceeds from sale of capital assets	2,667,372			2,667,372
Total other financing sources (uses)	10,278,736	(3,733,729)	1,170,384	7,715,391
Changes in fund balances	23,554,758	(36,247,409)	2,553,228	(10,139,423)
Fund balances, beginning of year, as restated	60,944,374	7,247,853	45,431,708	113,623,935
Fund balances, end of year	$ 84,499,132	$ (28,999,556)	$ 47,984,936	$ 103,484,512

The notes to the basic financial statements are an integral part of this statement.

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, 2023

Changes in fund balances - total governmental funds		**$ (10,139,423)**
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	$ 46,830,494	
Less current year depreciation/amortization	(27,334,383)	
		19,496,111
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.		
Financed purchase agreements	(3,151,959)	
SBITAs agreements	(1,359,895)	
Lease agreements	(471,914)	
		(4,983,768)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Gain on sale of assets	(1,761,362)	
Property taxes	(3,237,226)	
Intergovernmental	40,249,380	
		35,250,792
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	2,768,885	
Lease principal retirement	891,616	
SBITAs principal retirement	841,738	
Bond principal retirement	12,985,000	
		17,487,239
Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.		
Current year pension contributions	41,297,758	
Pension expense	(44,433,941)	
		(3,136,183)
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	(39,036)	
Amortization of deferred bond items	1,977,903	
Compensated absences	7,027,546	
		7,897,587
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.		6,827,661
Changes in net position in governmental activities		**$ 68,700,016**

The notes to the basic financial statements are an integral part of this statement.

Tucson Unified School District No. 1
Statement of Net Position
Proprietary Funds
June 30, 2023

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and investments	$ 32,329,359
Accounts receivable	109,766
Contributions receivable	2,894,636
Total current assets	35,333,761
Total assets	35,333,761
Liabilities	
Current liabilities:	
Claims payable	3,893,750
Total current liabilities	3,893,750
Noncurrent liabilities:	
Non-current portion of long-term obligations	1,864,466
Total noncurrent liabilities	1,864,466
Total liabilities	5,758,216
Net position	
Unrestricted	29,575,545
Total net position	$ 29,575,545

The notes to the basic financial statements are an integral part of this statement.

Tucson Unified School District No. 1
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Governmental Activities
	Internal Service Funds
Operating revenues	
Contributions	$ 38,189,139
Miscellaneous	5,053,185
Total operating revenues	43,242,324
Operating expenses	
Claims	31,977,065
Premiums	2,855,050
Administrative fees	2,089,743
Other	210,420
Total operating expenses	37,132,278
Operating income (loss)	6,110,046
Nonoperating revenues (expenses)	
Investment income	717,615
Total nonoperating revenue (expenses)	717,615
Changes in net position	6,827,661
Total net position, beginning of year	22,747,884
Total net position, end of year	$ 29,575,545

The notes to the basic financial statements are an integral part of this statement.

Tucson Unified School District No. 1
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	Governmental Activities Internal Service Funds
Increase/Decrease in Cash and Cash Equivalents	
Cash flows from operating activities	
Cash received from contributions	$ 35,184,737
Cash received from other sources	5,053,185
Cash payments to suppliers for goods and services	(4,956,782)
Cash payments to employees	(198,431)
Cash payments for claims	(32,427,844)
Net cash provided by/used for operating activities	2,654,865
Cash flows from investing activities	
Investment income	717,615
Net cash provided by/used for investing activities	717,615
Net increase/decrease in cash and cash equivalents	3,372,480
Cash and cash equivalents, beginning of year	28,956,879
Cash and cash equivalents, end of year	$ 32,329,359
Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating	
Operating income/loss	$ 6,110,046
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	(109,766)
Increase/decrease in contributions receivables	(2,894,636)
Increase/decrease in claims payable	(450,779)
Total adjustments	(3,455,181)
Net cash provided by/used for operating activities	$ 2,654,865

The notes to the basic financial statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

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

During the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs. This Statement also requires a government to disclose essential information about the arrangement. Beginning balances of net capital assets and long-term obligations for SBITAs payable reported in the governmental activities have been restated accordingly by $2,221,166 and $2,191,916, respectively.

In addition, during the year the District consolidated individual reporting funds that were presented separately in the prior year financial statements. The consolidated funds include the Federal and State Grants Fund, Other Special Revenue Fund, and Other Capital Projects Fund.

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.

Note 1 – Summary of Significant Accounting Policies

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

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

The Tucson Unified School District No. 1 Workers' Compensation Trust is responsible for providing workers' compensation insurance to District employees. The District's Governing Board appoints the Trust's Board of Directors. The Tucson Unified School District No. 1 Workers' 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.

Note 1 – Summary of Significant Accounting Policies

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

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

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

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

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

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.

Note 1 – Summary of Significant Accounting Policies

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District's Maintenance and Operation Fund and the Unrestricted Capital Outlay Fund, as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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

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, certificates of deposit, 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.

Note 1 – Summary of Significant Accounting Policies

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

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

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

E. Investment Income

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

Note 1 – Summary of Significant Accounting Policies

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

H. Inventory

All inventories are valued at cost using the 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.

Note 1 – Summary of Significant Accounting Policies

J. Capital Assets

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

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

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

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to-use assets are amortized over the shorter of the lease/subscription term or the underlying asset's useful life. 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.

Note 1 – Summary of Significant Accounting Policies

M. Leases

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

As lessor, the District recognizes lease receivables with an initial, individual value of $5,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The District's estimated incremental borrowing rate is calculated using the Arizona's General Accounting Office lease template, which identifies what rates to use if the explicit rate and implicit rate are unknown. These rates are based on the number of years remaining in the lease term as of July 1, 2022.

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. These rates are based on the number of years remaining in the lease term as of July 1, 2022.

O. Pensions

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

Note 1 – Summary of Significant Accounting Policies

P. Long-term Obligations

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

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

Q. Interfund Activity

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

R. Net Position Flow Assumption

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

S. Estimates

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

Note 2 – Fund Balance Classifications

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

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

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

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

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action.

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.

Note 2 – Fund Balance Classifications

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

	General	Federal and State Grants	Non-Major Governmental Funds
Fund Balances:			
Nonspendable:			
Inventory	$ 1,689,829	$	$ 2,015,554
Restricted:			
Debt service			11,253,118
Capital projects	4,833,754		2,854,022
Voter approved initiatives - instructional purposes			16,857,933
Food service			5,295,675
Civic center			4,270,103
Community schools			355,560
Extracurricular activities			7,669,332
Student activities			1,960,812
Other purposes			294,069
Unassigned	77,975,549	(28,999,556)	(4,841,242)
Total fund balances	$ 84,499,132	$ (28,999,556)	$ 47,984,936

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 $28,999,556 and $4,841,242 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 2023-24 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 $32.3 million, including $1.3 million of cash held with the trustee, and the bank balance was $33.5 million. At year end, $19.8 million was covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name, and $520,668 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. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

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

Note 4 – Cash and Investments

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:

			Investment Maturities (in Years)	
Investment Type	Category	Fair Value	Less than 1	1-5
Money market	Level 1	$ 3,423,453	$ 3,423,453	$
Certificates of deposit	Level 2	4,533,369	1,418,487	3,114,882
			$ 4,841,940	$ 3,114,882
County Treasurer's investment pool	Not applicable	14,960,795	305 days average maturities	
State Treasurer's investment pool 7	Not applicable	443,812	37 days average maturities	
Total		$ 23,361,429		

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.

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	$ 204,274	$ 105,163,734	$ 739,307
Due from state government	39,093,458	94,646	7,967,709
Due from other districts	33,000		586,497
Net due from governmental entities	$ 39,330,732	$ 105,258,380	$ 9,293,513

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 $790,410 and related interest revenue of $158,556 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:	
2024	$ 891,354
2025	875,398
2026	897,913
2027	933,322
2028	947,718
2029-33	4,065,958
2034-38	2,281,381
2039-43	1,075,092
2044-48	759,198
2049-52	185,752
Total	$ 12,913,086

Note 7 – Capital Assets

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

Governmental Activities	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 15,057,776	$	$ 6,022	$ 15,051,754
Construction in progress	12,705,583	30,428,201	17,706,641	25,427,143
Total capital assets, not being depreciated	27,763,359	30,428,201	17,712,663	40,478,897
Capital assets, being depreciated:				
Land improvements	80,165,892	7,955,812	449,765	87,671,939
Buildings and improvements	921,118,440	9,704,118	3,904,715	926,917,843
Vehicles, furniture and equipment	86,323,868	14,624,631	1,680,709	99,267,790
Total capital assets being depreciated	1,087,608,200	32,284,561	6,035,189	1,113,857,572
Less accumulated depreciation for:				
Land improvements	(49,465,572)	(2,652,788)	(354,488)	(51,763,872)
Buildings and improvements	(396,690,241)	(19,390,468)	(2,296,806)	(413,783,903)
Vehicles, furniture and equipment	(55,705,955)	(3,606,512)	(1,589,519)	(57,722,948)
Total accumulated depreciation	(501,861,768)	(25,649,768)	(4,240,813)	(523,270,723)
Total capital assets, being depreciated, net	585,746,432	6,634,793	1,794,376	590,586,849
Intangible right-to-use assets:				
Leased buildings and improvements	2,405,834			2,405,834
Leased vehicles, furniture and equipment	1,872,075	416,528		2,288,603
Less accumulated amortization	(834,520)	(858,452)		(1,692,972)
Total intangible right-to-use assets, net	3,443,389	(441,924)		3,001,465
SBITA right-to-use assets:				
SBITA assets	2,221,166	1,407,845		3,629,011
Less accumulated amortization		(826,163)		(826,163)
Total SBITA right-to-use assets, net	2,221,166	581,682		2,802,848
Governmental activities capital assets, net	$ 619,174,346	$ 37,202,752	$ 19,507,039	$ 636,870,059

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

Instruction	$ 22,236,413
Support services – students and staff	171,448
Support services – administration	1,521,851
Operation and maintenance of plant services	645,855
Student transportation services	2,611,687
Operation of non-instructional services	147,129
Total depreciation expense – governmental activities	$ 27,334,383

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 $25.4 million on the projects and had estimated remaining contractual commitments of $148.0 million. These projects are being funded with 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, vehicles, and equipment 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:

	Governmental Activities	
Year ending June 30:	Principal	Interest
2024	$ 2,660,975	$ 726,152
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	$ 17,083,990	$ 2,500,843

Note 9 – Leases Payable

The District has acquired building 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:

	Governmental Activities	
Year ending June 30:	Principal	Interest
2024	$ 890,089	$ 29,492
2025	898,486	19,842
2026	737,652	9,996
2027	468,212	4,195
2028	30,666	1,060
Total	$ 3,025,105	$ 64,585

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

	Governmental Activities
Asset:	
Building improvements	$ 2,405,834
Vehicles, furniture and equipment	2,288,603
Less: Accumulated amortization	(1,692,972)
Total	$ 3,001,465

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:

	Governmental Activities	
Year ending June 30:	Principal	Interest
2024	$ 892,235	$ 32,551
2025	707,030	19,764
2026	744,612	12,112
2027	366,196	4,304
Total	$ 2,710,073	$ 68,731

The total value of assets recorded under SBITAs that meet the District's capitalization threshold is $3,629,011, less accumulated amortization of $826,163.

Note 11 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund, a non-major governmental fund, are used to pay bonded debt. The District's legal debt limit is $1.4 billion and the available margin is $1.3 billion.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2023	Due Within One Year
Governmental activities:					
Refunding Bonds, Series 2011 (nontaxable)	$ 28,115,000	4.00-5.00%	7/1/23-24	$ 1,045,000	$ 1,045,000
Refunding Bonds, Series 2016	63,000,000	3.00-5.00%	7/1/23-27	37,610,000	6,070,000
Refunding Bonds, Series 2017 (2020 Crossover)	43,520,000	3.00-5.00%	7/1/23-30	36,700,000	4,415,000
Total				$ 75,355,000	$ 11,530,000

Note 11 – General Obligation Bonds Payable

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

	Governmental Activities	
Year ending June 30:	Principal	Interest
2024	$ 11,530,000	$ 3,329,900
2025	14,965,000	2,763,850
2026	16,325,000	2,015,600
2027	15,155,000	1,199,350
2028	5,530,000	639,600
2029-30	11,850,000	553,100
Total	$ 75,355,000	$ 10,501,400

Note 12 – Changes in Long-Term Liabilities

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

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 88,340,000	$	$ 12,985,000	$ 75,355,000	$ 11,530,000
Premium	10,440,018		1,977,903	8,462,115	
Total bonds payable	98,780,018		14,962,903	83,817,115	11,530,000
Financed purchases payable	16,700,916	3,151,959	2,768,885	17,083,990	2,660,975
Leases payable	3,444,807	471,914	891,616	3,025,105	890,089
SBITAs payable	2,191,916	1,359,895	841,738	2,710,073	892,235
Net pension liability	311,600,629	91,205,668		402,806,297	
Compensated absences payable	9,136,810	527,339	7,554,885	2,109,264	351,199
Total long-term liabilities	$ 441,855,096	$ 96,716,775	$ 27,020,027	$ 511,551,844	$ 16,324,498

Note 13 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other funds:

	General	Non-Major Governmental Funds	Total Due to Other Funds
General	$	$	$
Federal and State Grants	65,071,758	22,396,083	87,467,841
Non-Major Governmental Funds		1,641,913	1,641,913
Total Due from Other Funds	$ 65,071,758	$ 24,037,996	$ 89,109,754

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

Interfund transfers:

	Transfers in		
Transfers out	General	Non-Major Governmental Funds	Total
General	$	$ 2,170,384	$ 2,170,384
Federal and State Grants	3,733,729		3,733,729
Non-Major Governmental Funds	1,000,000		1,000,000
Total	$ 4,733,729	$ 2,170,384	$ 6,904,113

Transfers between funds were used to (1) to move federal grant funds of $4,733,729 restricted for indirect costs, and (2) to transfer funds from the General Fund of $2,170,384 to the Other Capital Projects Fund, a non-major governmental fund, for the debt service on energy efficiency projects.

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.

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, 2023, the District has not utilized the IGA to cover cash shortfalls.

Note 15 – Prior Period Adjustments

The July 1, 2022, government-wide net position and the fund balance of the Instructional Improvement Fund, a non-major governmental fund, do not agree to the prior year financial statements due to the recognition of assets and payables for the implementation of GASB Statement No. 96. *Subscription-Based Information Technology Arrangements (SBITAs)* and correction of prior year revenue recognition.

	Statement of Activities	Non-Major Governmental Funds Instructional Improvement
Net Position/fund balance, June 30, 2022 as previously reported	$ 310,690,867	$ 426,553
Recognition of assets for SBITAs	2,221,166	
Recognition of payables for SBITAs	(2,191,916)	
Prior year recognition of revenue	764,507	764,507
Net Position/fund balance, July 1, 2022, as restated	$ 311,484,624	$ 1,191,060

Note 16 – Risk Management

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

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

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

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.

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.

Note 16 – Risk Management

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
Employee Benefits Trust				
2022-23	$ 3,893,186	$ 31,668,688	$ 32,078,732	$ 3,483,142
2021-22	4,475,730	32,728,400	33,310,944	3,893,186
Workers' Compensation				
2022-23	2,315,709	308,377	349,012	2,275,074
2021-22	1,718,831	2,403,836	1,806,958	2,315,709
Total				
2022-23	6,208,895	31,977,065	32,427,744	5,758,216
2021-22	6,194,561	35,132,236	35,117,902	6,208,895

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 17 – Pensions

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

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

Note 17 – Pensions

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.

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 12.17 percent (12.03 percent for retirement and 0.14 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 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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, 2023 were $41.3 million.

Note 17 – Pensions

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 9.68 percent (9.62 for retirement and 0.06 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, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022.

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, 2022, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2021 was:

Net Liability	District % Proportion	Increase (Decrease)
$ 402,806,297	2.468	0.096

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, 2023 was $44.4 million.

Note 17 – 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	$ 3,432,149	$
Changes of assumptions or other inputs	19,992,055	
Net difference between projected and actual earnings on pension investments		10,610,307
Changes in proportion and differences between contributions and proportionate share of contributions	9,687,913	3,608,034
Contributions subsequent to the measurement date	41,297,758	
Total	$ 74,409,875	$ 14,218,341

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, 2024. 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:	
2024	$ 20,570,765
2025	(237,298)
2026	(18,421,988)
2027	16,982,297

Note 17 – Pensions

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
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, 2021 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
Equity	50%	3.90%
Credit	20	5.30
Interest rate sensitive bonds	10	(0.20)
Real estate	20	6.00
Total	100%	

Note 17 – Pensions

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

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

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	$ 594,328,718	$ 402,806,297	$ 243,106,522

Contributions payable. The District's accrued payroll and employee benefits included $1.4 million of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2023.

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.

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, 2023

	Budget			
	Original	Final	Non-GAAP Actual	Variance with Final Budget
Revenues				
Other local	$	$	$ 799,146	$ 799,146
Property taxes			169,949,068	169,949,068
State aid and grants			178,868,125	178,868,125
Total revenues			349,616,339	349,616,339
Expenditures				
Current:				
Instruction	192,135,027	191,439,862	157,990,105	33,449,757
Support services - students and staff	55,035,174	55,529,608	49,613,265	5,916,343
Support services - administration	38,711,849	38,626,568	39,025,152	(398,584)
Operation and maintenance of plant services	61,336,514	62,541,550	63,109,458	(567,908)
Student transportation services	23,671,626	23,292,294	23,084,144	208,150
Operation of non-instructional services			1,171,148	(1,171,148)
Debt service:				
Principal retirement			346,851	(346,851)
Interest and fiscal charges			6,253	(6,253)
Total expenditures	370,890,190	371,429,882	334,346,376	37,083,506
Excess (deficiency) of revenues over expenditures	(370,890,190)	(371,429,882)	15,269,963	386,699,845
Other financing sources (uses)				
Transfers out			(2,170,384)	(2,170,384)
Total other financing sources (uses)			(2,170,384)	(2,170,384)
Changes in fund balances	(370,890,190)	(371,429,882)	13,099,579	384,529,461
Fund balances, beginning of year			26,638,201	26,638,201
Fund balances, end of year	$ (370,890,190)	$ (371,429,882)	$ 39,737,780	$ 411,167,662

See accompanying notes to this schedule.

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
State aid and grants	$	$	$ 1,717,383	$ 1,717,383
Federal aid, grants and reimbursements			159,710,103	159,710,103
Total revenues			161,427,486	161,427,486
Expenditures				
Current:				
Instruction	100,842,148	64,596,385	87,261,946	(22,665,561)
Support services - students and staff	55,126,494	35,312,340	47,702,724	(12,390,384)
Support services - administration	6,583,010	4,216,874	5,696,490	(1,479,616)
Operation and maintenance of plant services	9,660,121	6,187,977	8,359,213	(2,171,236)
Student transportation services	2,397,042	1,535,471	2,074,237	(538,766)
Operation of non-instructional services	10,431,757	6,682,263	9,026,934	(2,344,671)
Capital outlay	38,948,110	24,948,964	33,703,049	(8,754,085)
Debt service:				
Principal retirement	129,320	82,839	111,905	(29,066)
Interest and fiscal charges	5,394	3,456	4,668	(1,212)
Total expenditures	224,123,396	143,566,569	193,941,166	(50,374,597)
Excess (deficiency) of revenues over expenditures	(224,123,396)	(143,566,569)	(32,513,680)	111,052,889
Other financing sources (uses)				
Transfers out			(3,733,729)	(3,733,729)
Total other financing sources (uses)			(3,733,729)	(3,733,729)
Changes in fund balances	(224,123,396)	(143,566,569)	(36,247,409)	107,319,160
Fund balances, beginning of year			7,247,853	7,247,853
Fund balances, end of year	$ (224,123,396)	$ (143,566,569)	$ (28,999,556)	$ 114,567,013

See accompanying notes to this schedule.

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

	2023	2022	2021	2020
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
District's proportion of the net pension (assets) liability	2.47%	2.37%	2.45%	2.56%
District's proportionate share of the net pension (assets) liability	$ 402,806,297	$ 311,600,629	$ 423,844,799	$ 372,051,424
District's covered payroll	$ 280,671,484	$ 245,516,094	$ 243,346,001	$ 257,123,313
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	143.52%	126.92%	174.17%	144.70%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%

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

	2023	2022	2021	2020
Actuarially determined contribution	$ 41,297,758	$ 35,186,341	$ 30,761,535	$ 30,558,140
Contributions in relation to the actuarially determined contribution	41,297,758	35,186,341	30,761,535	30,558,140
Contribution deficiency (excess)	$	$	$	$
District's covered payroll	$ 346,457,701	$ 280,671,484	$ 245,516,094	$ 243,346,001
Contributions as a percentage of covered payroll	11.92%	12.54%	12.53%	12.56%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

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

2019	2018	2017	2016	2015
$ 30,105,384	$ 28,232,555	$ 27,661,624	$ 25,963,519	$ 25,821,534
30,105,384	28,232,555	27,661,624	25,963,519	25,821,534
$	$	$	$	$
$ 257,123,313	$ 225,428,219	$ 233,458,184	$ 230,508,476	$ 225,906,271
11.71%	12.52%	11.85%	11.26%	11.43%

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 items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Present value of net minimum SBITA payable payments is not budgeted at the inception of the agreement.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 372,648,754	$ 84,499,132
Activity budgeted as special revenue funds	(9,923,609)	(31,942,215)
Activity budgeted as capital projects funds	(31,094,472)	(5,617,045)
SBITA agreements	(1,359,895)	
Employee insurance account	4,075,598	(7,202,092)
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	$ 334,346,376	$ 39,737,780

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, 2021, 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 as approved by the voters in 2000.

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 Funds – to account for the revenues and expenditures of other special revenue activities, including the following: civic center, community school, extracurricular activities fees tax credit, 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 Funds – 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, 2023

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue
Assets				
Cash and investments	$ 4,328,074	$ 557,609	$ 4,662,523	$
Property taxes receivable				
Accounts receivable	2,777		161,792	204,126
Due from governmental entities		2,088,814	739,307	665,558
Due from other funds	9,904,687			14,133,309
Inventory			2,015,554	
Leases receivable				11,392,336
Total assets	$ 14,235,538	$ 2,646,423	$ 7,579,176	$ 26,395,329
Liabilities				
Accounts payable	$	$	$ 125,058	$ 596,141
Due to other funds				
Accrued payroll and employee benefits	23,836	192	142,889	128,576
Total liabilities	23,836	192	267,947	724,717
Deferred inflows of resources				
Unavailable revenues - property taxes				
Unavailable revenues - intergovernmental				
Leases				11,120,736
Total deferred inflows of resources				11,120,736
Fund balances				
Nonspendable			2,015,554	
Restricted	14,211,702	2,646,231	5,295,675	14,549,876
Unassigned				
Total fund balances	14,211,702	2,646,231	7,311,229	14,549,876
Total liabilities, deferred inflows of resources and fund balances	$ 14,235,538	$ 2,646,423	$ 7,579,176	$ 26,395,329

Debt Service Fund	Capital Projects Funds		Total Non-Major Governmental Funds
Debt Service	Adjacent Ways	Other Capital Projects	
$ 10,888,017	$ 2,919,488	$	$ 23,355,711
1,717,535	75,158		1,792,693
93,876	14,051		476,622
		5,799,834	9,293,513
			24,037,996
			2,015,554
			11,392,336
$ 12,699,428	$ 3,008,697	$ 5,799,834	$ 72,364,425
$	$ 94,845	$ 4,801,229	$ 5,617,273
		1,641,913	1,641,913
			295,493
	94,845	6,443,142	7,554,679
1,446,310	59,830		1,506,140
		4,197,934	4,197,934
			11,120,736
1,446,310	59,830	4,197,934	16,824,810
			2,015,554
11,253,118	2,854,022		50,810,624
		(4,841,242)	(4,841,242)
11,253,118	2,854,022	(4,841,242)	47,984,936
$ 12,699,428	$ 3,008,697	$ 5,799,834	$ 72,364,425

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, 2023

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue
Revenues				
Other local	$ 110,665	$	$ 1,560,884	$ 11,057,082
Property taxes				
State aid and grants	34,296,296	2,801,710		846,108
Federal aid, grants and reimbursements			20,367,308	
Total revenues	34,406,961	2,801,710	21,928,192	11,903,190
Expenditures				
Current:				
Instruction	25,508,925	1,346,539		4,049,115
Support services - students and staff	1,367,866			1,046,774
Support services - administration	330,674		22,825	479,241
Operation and maintenance of plant services			19,496	528,208
Student transportation services				270,498
Operation of non-instructional services	29		22,270,090	4,047,850
Capital outlay			448,449	1,376,314
Debt service:				
Principal retirement			124,026	1,238
Interest and fiscal charges			3,658	48
Total expenditures	27,207,494	1,346,539	22,888,544	11,799,286
Excess (deficiency) of revenues over expenditures	7,199,467	1,455,171	(960,352)	103,904
Other financing sources (uses)				
Transfers in				
Transfers out			(1,000,000)	
Total other financing sources (uses)			(1,000,000)	
Changes in fund balances	7,199,467	1,455,171	(1,960,352)	103,904
Fund balances, beginning of year, as restated	7,012,235	1,191,060	9,271,581	14,445,972
Fund balances, end of year	$ 14,211,702	$ 2,646,231	$ 7,311,229	$ 14,549,876

Debt Service Fund	Capital Projects Funds		Total Non-Major Governmental Funds
Debt Service	Adjacent Ways	Other Capital Projects	
$ 615,831	$ 86,697	$ 47,633	$ 13,478,792
17,182,323	990,839		18,173,162
		6,517,250	44,461,364
		667,990	21,035,298
17,798,154	1,077,536	7,232,873	97,148,616
			30,904,579
			2,414,640
			832,740
			547,704
			270,498
			26,317,969
	389,044	12,395,526	14,609,333
12,985,000		2,065,791	15,176,055
3,980,181		708,367	4,692,254
16,965,181	389,044	15,169,684	95,765,772
832,973	688,492	(7,936,811)	1,382,844
		2,170,384	2,170,384
			(1,000,000)
		2,170,384	1,170,384
832,973	688,492	(5,766,427)	2,553,228
10,420,145	2,165,530	925,185	45,431,708
$ 11,253,118	$ 2,854,022	$ (4,841,242)	$ 47,984,936

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Other local	$	$	$ 110,665	$ 110,665
State aid and grants			34,296,296	34,296,296
Total revenues			34,406,961	34,406,961
Expenditures				
Current:				
Instruction	42,032,698	38,305,025	25,508,925	12,796,100
Support services - students and staff	861,184	861,184	1,367,866	(506,682)
Support services - administration	427,800	427,800	330,674	97,126
Operation of non-instructional services			29	(29)
Total expenditures	43,321,682	39,594,009	27,207,494	12,386,515
Changes in fund balances	(43,321,682)	(39,594,009)	7,199,467	46,793,476
Fund balances, beginning of year			7,012,235	7,012,235
Fund balances, end of year	$ (43,321,682)	$ (39,594,009)	$ 14,211,702	$ 53,805,711

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, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
State aid and grants	$	$ 2,801,710	$ 2,801,710
Total revenues		2,801,710	2,801,710
Expenditures			
Current:			
Instruction	1,900,000	1,346,539	553,461
Total expenditures	1,900,000	1,346,539	553,461
Changes in fund balances	(1,900,000)	1,455,171	3,355,171
Fund balances, beginning of year, as restated		1,191,060	1,191,060
Fund balances, end of year	$ (1,900,000)	$ 2,646,231	$ 4,546,231

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Other local	$	$	$ 1,560,884	$ 1,560,884
Federal aid, grants and reimbursements			20,367,308	20,367,308
Total revenues			21,928,192	21,928,192
Expenditures				
Current:				
Support services - administration	19,970	22,588	22,825	(237)
Operation and maintenance of plant services	17,057	19,294	19,496	(202)
Operation of non-instructional services	19,484,168	22,039,092	22,270,090	(230,998)
Capital outlay	392,349	443,797	448,449	(4,652)
Debt service:				
Principal retirement	108,511	122,740	124,026	(1,286)
Interest and fiscal charges	3,200	3,620	3,658	(38)
Total expenditures	20,025,255	22,651,131	22,888,544	(237,413)
Excess (deficiency) of revenues over expenditures	(20,025,255)	(22,651,131)	(960,352)	21,690,779
Other financing sources (uses)				
Transfers out			(1,000,000)	(1,000,000)
Total other financing sources (uses)			(1,000,000)	(1,000,000)
Changes in fund balances	(20,025,255)	(22,651,131)	(1,960,352)	20,690,779
Fund balances, beginning of year			9,271,581	9,271,581
Fund balances, end of year	$ (20,025,255)	$ (22,651,131)	$ 7,311,229	$ 29,962,360

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Other local	$	$	$ 11,057,082	$ 11,057,082
State aid and grants			846,108	846,108
Total revenues			11,903,190	11,903,190
Expenditures				
Current:				
Instruction	7,088,733	7,742,933	4,049,115	3,693,818
Support services - students and staff	1,832,574	2,001,697	1,046,774	954,923
Support services - administration	839,001	916,430	479,241	437,189
Operation and maintenance of plant services	924,727	1,010,067	528,208	481,859
Student transportation services	473,557	517,261	270,498	246,763
Operation of non-instructional services	7,086,519	7,740,514	4,047,850	3,692,664
Capital outlay	2,409,495	2,631,861	1,376,314	1,255,547
Debt service:				
Principal retirement	2,167	2,367	1,238	1,129
Interest and fiscal charges	84	92	48	44
Total expenditures	20,656,857	22,563,221	11,799,286	10,763,935
Changes in fund balances	(20,656,857)	(22,563,221)	103,904	22,667,125
Fund balances, beginning of year			14,445,972	14,445,972
Fund balances, end of year	$ (20,656,857)	$ (22,563,221)	$ 14,549,876	$ 37,113,097

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, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
Other local	$	$ 615,831	$ 615,831
Property taxes		17,182,323	17,182,323
Total revenues		17,798,154	17,798,154
Expenditures			
Debt service:			
Principal retirement	12,985,000	12,985,000	
Interest and fiscal charges	3,979,150	3,980,181	(1,031)
Total expenditures	16,964,150	16,965,181	(1,031)
Changes in fund balances	(16,964,150)	832,973	17,797,123
Fund balances, beginning of year		10,420,145	10,420,145
Fund balances, end of year	$ (16,964,150)	$ 11,253,118	$ 28,217,268

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, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
Other local	$	$ 86,697	$ 86,697
Property taxes		990,839	990,839
Total revenues		1,077,536	1,077,536
Expenditures			
Capital outlay	2,000,000	389,044	1,610,956
Total expenditures	2,000,000	389,044	1,610,956
Changes in fund balances	(2,000,000)	688,492	2,688,492
Fund balances, beginning of year		2,165,530	2,165,530
Fund balances, end of year	$ (2,000,000)	$ 2,854,022	$ 4,854,022

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Other local	$	$	$ 47,633	$ 47,633
State aid and grants			6,517,250	6,517,250
Federal aid, grants and reimbursements			667,990	667,990
Total revenues			7,232,873	7,232,873
Expenditures				
Capital outlay	3,000,000	40,359,912	12,395,526	27,964,386
Debt service:				
Principal retirement	2,065,791	2,065,791	2,065,791	
Interest and fiscal charges	708,367	708,367	708,367	
Total expenditures	5,774,158	43,134,070	15,169,684	27,964,386
Excess (deficiency) of revenues over expenditures	(5,774,158)	(43,134,070)	(7,936,811)	35,197,259
Other financing sources (uses)				
Transfers in			2,170,384	2,170,384
Total other financing sources (uses)			2,170,384	2,170,384
Changes in fund balances	(5,774,158)	(43,134,070)	(5,766,427)	37,367,643
Fund balances, beginning of year			925,185	925,185
Fund balances, end of year	$ (5,774,158)	$ (43,134,070)	$ (4,841,242)	$ 38,292,828

Internal Service Funds

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

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

Tucson Unified School District No. 1
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	$ 22,818,471	$ 9,510,888	$ 32,329,359
Accounts receivable	78,841	30,925	109,766
Contributions receivable	2,863,598	31,038	2,894,636
Total current assets	25,760,910	9,572,851	35,333,761
Total assets	25,760,910	9,572,851	35,333,761
Liabilities			
Current liabilities:			
Claims payable	3,483,142	410,608	3,893,750
Total current liabilities	3,483,142	410,608	3,893,750
Noncurrent liabilities:			
Non-current portion of long-term obligations		1,864,466	1,864,466
Total noncurrent liabilities		1,864,466	1,864,466
Total liabilities	3,483,142	2,275,074	5,758,216
Net position			
Unrestricted	22,277,768	7,297,777	29,575,545
Total net position	$ 22,277,768	$ 7,297,777	$ 29,575,545

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, 2023

	Employee Benefit Trust	Workers' Compensation Trust	Total Internal Service Funds
Operating revenues			
Contributions	$ 34,947,610	$ 3,241,529	$ 38,189,139
Miscellaneous	5,053,185		5,053,185
Total operating revenues	40,000,795	3,241,529	43,242,324
Operating expenses			
Claims	31,668,688	308,377	31,977,065
Premiums	883,744	1,971,306	2,855,050
Administrative fees	2,004,421	85,322	2,089,743
Other	210,420		210,420
Total operating expenses	34,767,273	2,365,005	37,132,278
Operating income (loss)	5,233,522	876,524	6,110,046
Nonoperating revenues (expenses)			
Investment income	478,584	239,031	717,615
Total nonoperating revenue (expenses)	478,584	239,031	717,615
Changes in net position	5,712,106	1,115,555	6,827,661
Total net position, beginning of year	16,565,662	6,182,222	22,747,884
Total net position, end of year	$ 22,277,768	$ 7,297,777	$ 29,575,545

Tucson Unified School District No. 1
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2023

	Employee Benefit Trust	Workers' Compensation	Total Internal Service Funds
Increase/Decrease in Cash and Cash Equivalents			
Cash flows from operating activities			
Cash received from contributions	$ 32,005,171	$ 3,179,566	$ 35,184,737
Cash received from other sources	5,053,185		5,053,185
Cash payments to suppliers for goods and services	(2,966,433)	(1,990,349)	(4,956,782)
Cash payments to employees	(132,152)	(66,279)	(198,431)
Cash payments for claims	(32,078,732)	(349,112)	(32,427,844)
Net cash provided by/used for operating activities	1,881,039	773,826	2,654,865
Cash flows from investing activities			
Investment income	478,584	239,031	717,615
Net cash provided by/used for investing activities	478,584	239,031	717,615
Net increase/decrease in cash and cash equivalents	2,359,623	1,012,857	3,372,480
Cash and cash equivalents, beginning of year	20,458,848	8,498,031	28,956,879
Cash and cash equivalents, end of year	$ 22,818,471	$ 9,510,888	$ 32,329,359
Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities			
Operating income/loss	$ 5,233,522	$ 876,524	$ 6,110,046
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	(78,841)	(30,925)	(109,766)
Increase/decrease in contributions receivables	(2,863,598)	(31,038)	(2,894,636)
Increase/decrease in claims payable	(410,044)	(40,735)	(450,779)
Total adjustments	(3,352,483)	(102,698)	(3,455,181)
Net cash provided by/used for operating activities	$ 1,881,039	$ 773,826	$ 2,654,865

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.

Due to cost considerations for the accumulation of data, the District has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

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				
	2023	**2022**	**2021**	**2020**	**2019**
Net Position:					
Net investment in capital assets	$ 532,560,007	$ 501,423,914	$ 431,989,628	$ 476,660,935	$ 478,308,459
Restricted	66,217,962	69,842,910	49,820,194	41,374,730	41,215,782
Unrestricted	(218,593,329)	(260,575,957)	(239,610,013)	(316,557,834)	(316,693,248)
Total net position	$ 380,184,640	$ 310,690,867	$ 242,199,809	$ 201,477,831	$ 202,830,993

	2018	**2017**	**2016**	**2015**	**2014**
Net Position:					
Net investment in capital assets	$ 474,298,602	$ 480,205,341	$ 485,420,031	$ 483,557,940	$ 478,823,950
Restricted	46,305,323	39,771,519	47,868,859	51,883,159	36,973,962
Unrestricted	(332,374,038)	(341,600,591)	(369,873,406)	(401,875,725)	57,072,295
Total net position	$ 188,229,887	$ 178,376,269	$ 163,415,484	$ 133,565,374	$ 572,870,207

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				
	2023	**2022**	**2021**	**2020**	**2019**
Expenses					
Instruction	$ 314,031,930	$ 286,371,418	$ 254,769,001	$ 259,941,068	$ 234,491,292
Support services - students and staff	99,430,592	83,090,999	74,676,328	73,940,845	69,279,661
Support services - administration	50,784,823	43,638,490	42,869,234	40,814,157	39,072,525
Operation and maintenance of plant services	74,205,351	58,210,084	58,478,061	55,813,248	49,976,936
Student transportation services	33,767,346	24,822,279	16,874,014	22,620,379	28,768,667
Operation of non-instructional services	38,551,420	17,975,571	18,770,717	23,647,029	22,126,862
Interest on long-term debt	3,835,592	3,981,426	4,657,824	6,518,805	9,043,397
Total expenses	614,607,054	518,090,267	471,095,179	483,295,531	452,759,340
Program Revenues					
Charges for services:					
Instruction	8,152,682	5,960,316	5,983,899	8,029,659	10,251,006
Operation of non-instructional services	3,630,117	2,192,956	1,209,193	4,079,437	4,210,819
Other activities	1,473,064	2,575,118	3,281,587	2,239,943	2,615,677
Operating grants and contributions	190,238,414	194,453,946	134,520,989	100,282,568	99,743,644
Capital grants and contributions	44,866,682	5,623,970	10,251,412	1,523,251	4,049,746
Total program revenues	248,360,959	210,806,306	155,247,080	116,154,858	120,870,892
Net (Expense)/Revenue	$ (366,246,095)	$ (307,283,961)	$ (315,848,099)	$ (367,140,673)	$ (331,888,448)

(Continued)

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

	2018	2017	2016	2015	2014
Expenses					
Instruction	$ 225,916,641	$ 219,854,828	$ 206,973,703	$ 203,639,013	$ 213,899,377
Support services - students and staff	68,096,204	61,436,186	60,250,541	58,847,288	64,945,835
Support services - administration	43,684,486	44,826,243	41,637,711	42,670,490	42,732,507
Operation and maintenance of plant services	50,176,140	49,036,681	49,688,066	51,097,685	49,866,704
Student transportation services	23,294,896	23,769,388	24,277,391	24,594,918	25,895,104
Operation of non-instructional services	25,053,753	25,771,350	24,028,856	24,786,616	22,647,923
Interest on long-term debt	9,248,357	8,400,732	10,932,855	11,501,715	11,640,250
Total expenses	445,470,477	433,095,408	417,789,123	417,137,725	431,627,700
Program Revenues					
Charges for services:					
Instruction	7,807,589	8,329,005	8,055,467	7,212,949	5,875,912
Operation of non-instructional services	4,080,884	4,314,144	2,776,552	3,436,318	3,395,327
Other activities	2,813,622	1,251,279	1,129,835	1,342,188	1,023,287
Operating grants and contributions	96,245,664	67,852,542	64,212,609	62,655,672	64,756,379
Capital grants and contributions	3,936,577	4,434,548	2,441,185	4,430,655	6,645,889
Total program revenues	114,884,336	86,181,518	78,615,648	79,077,782	81,696,794
Net (Expense)/Revenue	$ (330,586,141)	$ (346,913,890)	$ (339,173,475)	$ (338,059,943)	$ (349,930,906)

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				
	2023	**2022**	**2021**	**2020**	**2019**
Net (Expense)/Revenue	$ (366,246,095)	$ (307,283,961)	$ (315,848,099)	$ (367,140,673)	$ (331,888,448)
General Revenues:					
Property taxes	197,256,241	205,357,795	192,224,010	185,984,409	180,826,698
Investment income	2,660,543	(67,131)	888,750	2,523,367	4,013,361
Unrestricted county aid		12,091,888	12,830,248	12,538,508	12,775,192
Unrestricted state aid	229,000,428	149,710,364	143,617,159	159,407,085	142,760,977
Unrestricted federal aid	5,122,889	5,665,941	5,240,801	4,605,900	4,867,479
Proceeds from sale of capital assets	906,010		(1,456,286)	61,408	302,331
Other		3,016,162	1,441,938	666,834	943,516
Total general revenues	434,946,111	375,775,019	354,786,620	365,787,511	346,489,554
Changes in Net Position	$ 68,700,016	$ 68,491,058	$ 38,938,521	$ (1,353,162)	$ 14,601,106

(Continued)

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

	2018	2017	2016	2015	2014
Net (Expense)/Revenue	$ (330,586,141)	$ (346,913,890)	$ (339,173,475)	$ (338,059,943)	$ (349,930,906)
General Revenues:					
Property taxes	177,937,901	180,690,434	180,271,189	182,318,902	196,580,406
Investment income	1,601,949	620,166	557,570	530,244	352,847
Unrestricted county aid	12,452,655	12,876,806	13,151,610	13,033,210	14,097,314
Unrestricted state aid	143,249,793	163,180,636	171,211,671	164,102,723	152,463,686
Unrestricted federal aid	3,637,985	4,506,633	3,831,545	2,158,284	3,028,953
Proceeds from sale of capital assets	717,066				
Other	842,410				
Total general revenues	340,439,759	361,874,675	369,023,585	362,143,363	366,523,206
Changes in Net Position	$ 9,853,618	$ 14,960,785	$ 29,850,110	$ 24,083,420	$ 16,592,300

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				
	2023	**2022**	**2021**	**2020**	**2019**
General Fund:					
Nonspendable	$ 1,689,829	$ 2,779,614	$ 3,041,773	$ 1,268,988	$ 1,217,547
Restricted	4,833,754	2,094,387	3,309,506	5,406,127	9,227,912
Unassigned	77,975,549	48,669,997	45,167,173	25,880,765	10,707,882
Total General Fund	$ 84,499,132	$ 53,543,998	$ 51,518,452	$ 32,555,880	$ 21,153,341
All Other Governmental Funds:					
Nonspendable	$ 2,015,554	$ 1,415,101	$ 1,970,100	$ 1,516,115	$ 953,075
Restricted	50,810,624	59,435,974	46,358,474	30,859,024	83,167,094
Unassigned	(33,840,798)	(1,535,645)		(4,747,643)	
Total all other governmental funds	$ 18,985,380	$ 59,315,430	$ 48,328,574	$ 27,627,496	$ 84,120,169

(Continued)

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

	2018	2017	2016	2015	2014
General Fund:					
Nonspendable	$ 1,357,985	$ 1,762,249	$ 1,532,880	$ 1,568,190	$ 1,401,642
Restricted	10,490,744				
Unassigned	18,160,003	23,310,670	30,871,023	27,952,038	30,539,900
Total General Fund	$ 30,008,732	$ 25,072,919	$ 32,403,903	$ 29,520,228	$ 31,941,542
All Other Governmental Funds:					
Nonspendable	$ 1,004,339	$ 485,008	$ 643,318	$ 777,502	$ 928,999
Restricted	86,101,759	37,499,375	44,700,979	47,643,989	33,487,783
Committed		4,925,981	2,419,323	1,039,083	910,868
Unassigned		(167,967)	(201,455)	(23,760)	(2,825,169)
Total all other governmental funds	$ 87,106,098	$ 42,742,397	$ 47,562,165	$ 49,436,814	$ 32,502,481

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				
	2023	**2022**	**2021**	**2020**	**2019**
Federal sources:					
Federal grants	$ 163,665,466	$ 134,979,193	$ 94,665,127	$ 58,524,285	$ 55,232,554
National School Lunch Program	20,367,308	23,173,807	16,570,430	16,110,531	17,348,341
Impact Aid	1,167,526	708,402	1,134,933	674,968	1,462,306
Interest Subsidy	667,990	752,185	830,978	908,930	1,019,837
Total federal sources	185,868,290	159,613,587	113,201,468	76,218,714	75,063,038
State sources:					
State equalization assistance	189,177,014	149,710,364	143,617,159	159,407,085	142,760,977
State grants	1,717,383	315,622	274,719	567,225	661,026
School Facilities Oversight Board	6,517,250	5,623,970	10,241,412	1,523,251	4,049,746
Other revenues	40,669,522	36,967,735	23,917,792	24,553,701	24,653,833
Total state sources	238,081,169	192,617,691	178,051,082	186,051,262	172,125,582
Local sources:					
Property taxes	200,493,467	200,092,700	189,810,031	184,383,619	180,195,987
County aid		12,091,888	12,830,248	12,538,508	12,775,192
Food service sales	1,377,338	244,388	263,017	2,604,869	2,844,784
Investment income	1,942,928	153,327	731,565	1,952,441	3,525,260
Other revenues	16,737,686	7,081,677	14,478,412	15,974,832	19,084,460
Total local sources	220,551,419	219,663,980	218,113,273	217,454,269	218,425,683
Total revenues	$ 644,500,878	$ 571,895,258	$ 509,365,823	$ 479,724,245	$ 465,614,303

(Continued)

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

	2018	2017	2016	2015	2014
Federal sources:					
Federal grants	$ 51,122,305	$ 48,067,680	$ 44,769,017	$ 42,860,201	$ 49,697,352
National School Lunch Program	17,115,645	19,377,148	17,705,168	18,181,402	18,011,161
Impact Aid	559,516	1,273,114	966,667	728,590	676,045
Interest Subsidy	1,134,580	2,973,687	1,853,469	2,365,903	1,257,444
Total federal sources	69,932,046	71,691,629	65,294,321	64,136,096	69,642,002
State sources:					
State equalization assistance	143,249,793	142,748,905	147,561,816	143,771,604	132,185,366
State grants	3,038,640	480,624	796,650	548,195	997,741
School Facilities Oversight Board	3,936,577	730,985	523,629	726,400	
Other revenues	23,251,337	21,038,252	23,043,329	20,331,122	20,277,532
Total state sources	173,476,347	164,998,766	171,925,424	165,377,321	153,460,639
Local sources:					
Property taxes	177,301,481	180,359,530	179,330,981	184,034,798	195,388,011
County aid	12,452,655	12,876,806	13,151,610	13,033,210	14,097,314
Food service sales	2,638,612	2,415,246	1,400,598	1,909,739	2,003,028
Investment income	1,529,259	391,230	280,587	164,796	187,195
Other revenues	16,567,519	16,365,205	15,182,965	14,242,254	12,882,717
Total local sources	210,489,526	212,408,017	209,346,741	213,384,797	224,558,265
Total revenues	$ 453,897,919	$ 449,098,412	$ 446,566,486	$ 442,898,214	$ 447,660,906

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				
	2023	**2022**	**2021**	**2020**	**2019**
Expenditures:					
Current -					
Instruction	$ 277,686,635	$ 285,061,022	$ 232,695,799	$ 231,263,517	$ 224,894,362
Support services - students and staff	101,925,554	86,441,025	74,004,718	72,651,487	73,853,829
Support services - administration	44,992,820	47,043,026	42,004,995	40,842,176	40,659,752
Operation and maintenance of plant services	72,707,797	59,732,750	57,515,458	54,251,356	50,731,964
Student transportation services	25,443,653	25,183,576	15,040,237	20,607,466	27,760,076
Operation of non-instructional services	37,421,499	25,089,817	19,612,023	23,372,477	26,324,824
Capital outlay	79,945,826	18,563,730	13,420,256	6,718,193	9,582,324
Debt service -					
Principal retirement	17,487,239	15,004,823	14,074,822	62,381,585	13,849,839
Interest and fiscal charges	4,744,669	5,413,438	6,089,838	13,402,011	10,475,411
Total expenditures	$ 662,355,692	$ 567,533,207	$ 474,458,146	$ 525,490,268	$ 478,132,381
Expenditures for capitalized assets	$ 46,830,494	$ 30,521,039	$ 15,044,684	$ 8,259,371	$ 14,636,631
Debt service as a percentage of noncapital expenditures	4%	4%	4%	15%	5%

(Continued)

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

	2018	2017	2016	2015	2014
Expenditures:					
Current -					
Instruction	$ 215,541,714	$ 206,083,290	$ 184,171,606	$ 179,021,232	$ 182,170,194
Support services - students and staff	71,953,557	65,080,307	62,254,885	59,835,214	62,928,162
Support services - administration	44,276,474	46,887,015	42,556,971	42,079,368	40,912,970
Operation and maintenance of plant services	51,464,117	50,490,660	49,925,794	51,388,778	49,228,361
Student transportation services	25,395,575	22,374,249	22,123,760	22,151,830	22,626,196
Operation of non-instructional services	26,160,227	26,422,667	24,575,643	24,817,964	22,569,839
Capital outlay	7,895,688	16,552,132	26,349,041	46,900,850	45,330,412
Debt service -					
Principal retirement	17,412,074	21,157,816	23,785,413	22,786,648	47,239,231
Interest and fiscal charges	9,967,726	9,258,936	11,071,732	11,740,160	11,720,671
Bond issuance costs	425,740				
Total expenditures	$ 470,492,892	$ 464,307,072	$ 446,814,845	$ 460,722,044	$ 484,726,036
Expenditures for capitalized assets	$ 11,417,414	$ 4,361,210	$ 10,057,049	$ 30,927,097	$ 27,849,032
Debt service as a percentage of noncapital expenditures	6%	7%	8%	8%	13%

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				
	2023	**2022**	**2021**	**2020**	**2019**
Excess (deficiency) of revenues over expenditures	$ (17,854,814)	$ 4,362,051	$ 34,907,677	$ (45,766,023)	$ (12,518,078)
Other financing sources (uses):					
Financed purchase agreements	3,151,959				566,129
SBITA Agreements	1,359,895				
Lease agreements	471,914				
Proceeds from sale of capital assets	2,667,372		735,746	61,408	302,331
Transfers in	6,904,113	4,909,146	5,578,049	4,829,262	2,606,530
Transfers out	(6,904,113)	(4,909,146)	(5,578,049)	(4,829,262)	(2,606,530)
Insurance recoveries	64,251				
Total other financing sources (uses)	7,715,391		735,746	61,408	868,460
Changes in fund balances	$ (10,139,423)	$ 4,362,051	$ 35,643,423	$ (45,704,615)	$ (11,649,618)

	2018	**2017**	**2016**	**2015**	**2014**
Excess (deficiency) of revenues over expenditures	$ (16,594,973)	$ (15,208,660)	$ (248,359)	$ (17,823,830)	$ (37,065,130)
Other financing sources (uses):					
Issuance of school improvement bonds					
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	3,149,507			32,321,798	19,425,678
Proceeds from sale of capital assets	7,224,196	2,838,216	1,426,879		
Transfers in	5,843,892	15,471,949	5,167,740	1,752,693	6,777,058
Transfers out	(5,843,892)	(15,471,949)	(5,167,740)	(1,752,693)	(6,777,058)
Total other financing sources (uses)	65,779,420	3,430,806	1,426,879	32,321,798	19,425,678
Changes in fund balances	$ 49,184,447	$ (11,777,854)	$ 1,178,520	$ 14,497,968	$ (17,639,452)

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

Class	Fiscal Year 2023	2022	2021	2020	2019
Commercial, Industrial, Utilities and Mining	$ 1,132,337,134	$ 1,106,642,971	$ 1,051,163,056	$ 1,036,683,865	$ 1,019,483,813
Agricultural and Vacant	83,626,090	83,925,149	74,552,769	80,471,664	85,907,224
Residential (Owner Occupied)	1,774,706,737	1,695,738,268	1,619,604,668	1,562,355,446	1,471,227,593
Residential (Rental)	880,256,418	828,566,284	780,660,310	707,399,543	988,786,655
Railroad, Private Cars and Airlines	2,708,320	2,603,578	2,393,548	2,526,672	2,560,348
Historical Property	47,709,595	43,542,011	41,124,635	38,655,938	36,914,026
Certain Government Property Improvements					4,278
Total	$ 3,921,344,294	$ 3,761,018,261	$ 3,569,498,986	$ 3,428,093,128	$ 3,604,883,937
Gross Full Cash Value	$ 45,967,373,300	$ 43,694,728,378	$ 41,593,233,019	$ 39,316,138,651	$ 36,686,834,759
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	9%	9%	10%
Total Direct Rate	5.92	6.10	6.12	6.33	6.55

Class	Fiscal Year 2018	2017	2016	2015	2014
Commercial, Industrial, Utilities and Mining	$ 1,034,126,227	$ 965,433,532	$ 976,879,689	$ 1,010,697,174	$ 1,019,451,977
Agricultural and Vacant	77,546,462	94,872,106	105,330,798	111,852,863	114,927,549
Residential (Owner Occupied)	1,390,537,836	1,328,794,436	1,268,030,829	1,251,339,919	1,336,979,464
Residential (Rental)	675,985,879	656,086,204	641,672,375	594,632,374	499,869,993
Railroad, Private Cars and Airlines	2,685,155	2,528,033	2,699,156	2,663,090	2,363,569
Historical Property	34,881,981	33,455,272	30,975,434	30,462,610	28,785,354
Certain Government Property Improvements	4,197		6,464	6,156	19,506
Total	$ 3,215,767,737	$ 3,081,169,583	$ 3,025,594,745	$ 3,001,654,186	$ 3,002,397,412
Gross Full Cash Value	$ 34,855,331,732	$ 34,223,586,164	$ 32,389,286,776	$ 30,721,019,556	$ 30,260,270,212
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	9%	10%	10%
Total Direct Rate	6.93	7.12	7.34	7.51	7.44

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

Class	Fiscal Year 2023	2022	2021	2020	2019
Commercial, Industrial, Utilities and Mining	$ 1,258,130,863	$ 1,230,262,945	$ 1,170,540,895	$ 1,137,974,223	$ 1,136,096,565
Agricultural and Vacant	100,390,950	103,787,413	90,662,790	91,497,804	96,559,030
Residential (Owner Occupied)	1,992,691,577	1,891,046,445	1,822,449,820	1,740,617,423	1,566,819,236
Residential (Rental)	1,109,423,968	1,031,542,099	952,165,569	858,092,105	817,052,172
Railroad, Private Cars and Airlines	3,549,910	3,373,120	3,027,988	3,120,706	3,085,228
Historical Property	52,935,863	48,901,307	47,056,262	43,957,798	39,352,702
Certain Government Property Improvements					4,278
Total	$ 4,517,123,131	$ 4,308,913,329	$ 4,085,903,324	$ 3,875,260,059	$ 3,658,969,211
Gross Full Cash Value	$ 45,967,373,300	$ 43,694,728,378	$ 41,593,233,019	$ 39,316,138,651	$ 36,686,834,759
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	38,213,545,399	36,034,927,576	34,135,094,188	32,229,225,820	30,220,353,156
Total Direct Rate	5.92	6.10	6.12	6.33	6.55

Class	Fiscal Year 2018	2017	2016	2015	2014
Commercial, Industrial, Utilities and Mining	$ 1,090,605,695	$ 1,006,656,328	$ 1,012,574,440	$ 1,025,364,280	$ 1,036,430,609
Agricultural and Vacant	81,395,327	97,700,856	108,813,131	114,157,316	119,316,810
Residential (Owner Occupied)	1,461,545,958	1,429,214,902	1,318,079,541	1,254,450,188	1,337,932,939
Residential (Rental)	758,174,083	717,687,648	672,444,407	601,425,570	503,614,469
Railroad, Private Cars and Airlines	3,127,378	2,705,166	2,750,284	2,688,000	2,385,858
Historical Property	36,589,056	35,707,258	31,954,759	30,607,284	29,656,219
Certain Government Property Improvements	4,213		9,746	6,156	19,506
Total	$ 3,431,441,710	$ 3,289,672,158	$ 3,146,626,308	$ 3,028,698,794	$ 3,029,356,410
Gross Full Cash Value	$ 34,855,331,732	$ 34,223,586,164	$ 32,389,286,776	$ 30,721,019,556	$ 30,260,270,212
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	28,261,925,610	27,003,331,012	25,127,617,416	23,820,840,006	23,660,254,739
Total Direct Rate	6.93	7.12	7.34	7.51	7.44

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

	Fiscal Year				
Class	**2023**	**2022**	**2021**	**2020**	**2019**
Commercial, Industrial, Utilities and Mining	18 %	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	15	15	15	15	14

	Fiscal Year				
Class	**2018**	**2017**	**2016**	**2015**	**2014**
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	16	15

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

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

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

Fiscal Year Ended June 30	Overlapping Rates									District Direct Rates		
	State Equalization	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Tucson	City of South Tucson	Primary	Secondary	Total
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
2014	0.51	4.45	0.38	0.26	1.29	0.05	0.14	1.43	2.98	6.01	1.43	7.44

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

	2023		2014	
Taxpayer	**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	$ 92,992,887	2.4 %	$ 60,749,523	2.0 %
Southwest Gas Corporation	56,905,607	1.5	19,757,060	0.7
HSL Properties, Inc.	25,573,987	0.7		
SMSJ Tucson Holdings LLC	22,815,411	0.6		
Tucson Medical Center	19,365,516	0.5		
Qwest / Centurylink Communication	14,949,472	0.4	21,744,996	0.7
Marshall Foundation	14,136,501	0.4		
Wal-Mart Stores, Inc.	10,823,350	0.3	10,738,149	0.4
3800 WSPB Buyer LLC	10,046,711	0.3		
TKG El Con Center LLC	9,396,485	0.2		
Starr Pass Resort Developments LLC			12,298,055	0.4
WC Partners et al (Williams Center)			8,717,987	0.3
Verizon Wireless			7,665,248	0.3
El Con Shopping Center			6,577,480	0.2
Park Place Shopping Center			6,347,608	0.2
At&T Telecommunications, Inc.			5,983,998	0.2
Total	$ 277,005,927	7.1 %	$ 160,580,104	5.3 %

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
2023	$ 196,708,355	$ 188,959,107	96.06 %	$	$ 188,959,107	96.06 %
2022	198,751,941	190,712,610	95.96	3,035,091	193,747,701	97.48
2021	186,269,692	181,741,818	97.57	2,172,999	183,914,817	98.74
2020	179,957,364	176,017,356	97.81	2,653,849	178,671,205	99.29
2019	177,214,473	171,809,696	96.95	4,583,223	176,392,919	99.54
2018	171,842,883	166,761,271	97.04	4,153,517	170,914,788	99.46
2017	175,019,179	169,670,800	96.94	4,354,987	174,025,787	99.43
2016	180,517,207	172,697,266	95.67	7,037,692	179,734,958	99.57
2015	182,457,545	174,547,250	95.66	6,961,860	181,509,110	99.48
2014	196,991,408	188,246,693	95.56	7,852,057	196,098,750	99.55

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
2023	$ 83,817,115	$ 12,699,428	$ 71,117,687	0.15 %	$ 128	$ 22,819,168	$106,636,283	0.23 %	$ 192	0.19 %
2022	98,780,018	15,649,010	83,131,008	0.19	152	20,145,723	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
2014	205,247,538	9,582,846	195,664,692	0.65	367	23,816,502	229,064,040	0.76	429	1.14

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, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to School District	Estimated Amount Applicable to School District
Overlapping:			
Pima County	$ 93,615,000	38.79 %	$ 36,313,259
City of Tucson	110,905,000	94.91	105,259,936
Subtotal, Overlapping Debt			141,573,195
Direct:			
Tucson Unified School District No.1			106,636,283
Total Direct and Overlapping Governmental Activities Debt			$ 248,209,478

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		1.81 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	$	384
As a Percentage of Net Limited Assessed Valuation		5.42 %
As a Percentage of Gross Full Cash Value		0.46 %

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, 2022 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 2023:	
Net full cash assessed valuation	$ 4,517,123,131
Debt limit (20% of assessed value)	903,424,626
Debt applicable to limit	82,394,977
Legal debt margin	$ 821,029,649

Total Legal Debt Margin Calculation for Fiscal Year 2023:	
Net full cash assessed valuation	$ 4,517,123,131
Debt limit (30% of assessed value)	1,355,136,939
Debt applicable to limit	82,394,977
Legal debt margin	$ 1,272,741,962

	Fiscal Year Ended June 30				
	2023	**2022**	**2021**	**2020**	**2019**
Debt Limit	$ 1,355,136,939	$ 1,292,673,999	$ 1,225,770,997	$ 1,162,578,018	$ 1,097,690,753
Total net debt applicable to limit	82,394,977	77,919,855	90,184,854	107,009,008	113,798,957
Legal debt margin	$ 1,272,741,962	$ 1,214,754,144	$ 1,135,586,143	$ 1,055,569,010	$ 983,891,796
Total net debt applicable to the limit as a percentage of debt limit	6%	6%	7%	9%	10%

	2018	**2017**	**2016**	**2015**	**2014**
Debt Limit	$ 1,029,432,513	$ 986,901,647	$ 943,987,892	$ 908,609,638	$ 908,806,923
Total net debt applicable to limit	124,823,499	148,185,000	168,855,000	183,665,000	197,970,000
Legal debt margin	$ 904,609,014	$ 838,716,647	$ 775,132,892	$ 724,944,638	$ 710,836,923
Total net debt applicable to the limit as a percentage of debt limit	12%	15%	18%	20%	22%

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

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate	Estimated District Population
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
2013	1,007,162	20,153,303	37,755	6.4	533,796

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	2023 Employees	2023 Percentage of Total Employment	2014 Employees	2014 Percentage of Total Employment
University of Arizona	13,930	3.93 %	11,047	2.63 %
Raytheon Missile Systems	13,030	3.68	9,933	2.37
United States Department of the Air Force	12,360	3.49		
Tucson Unified School District	7,660	2.16	5,638	1.34
Pima County	7,220	2.04	7,328	1.75
Banner University Medical Center Tucson	5,570	1.57		
State of Arizona	5,410	1.53	9,439	2.25
Wal-Mart Stores, Inc.	4,680	1.32	5,200	1.24
Tucson Medical Center	4,530	1.28		
City of Tucson	4,230	1.19		
Davis Monthan AFB			8,933	2.13
University of Arizona Health Network			6,329	1.51
Fort Huachuca			5,717	1.36
Freeport-McMoran Mining			5,600	1.33
Total	78,620	22.19 %	75,164	17.91 %
Total employment	354,370		419,900	

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				
	2023	**2022**	**2021**	**2020**	**2019**
Function					
Instruction	3,408	3,319	3,294	3,452	3,449
Support services - students and staff	1,100	1,006	977	981	924
Support services - administration	425	414	396	420	463
Operation and maintenance of plant services	661	629	640	555	651
Student transportation services	285	283	333	467	388
Operation of non-instructional services	250	241	272	306	295
Total	6,129	5,892	5,912	6,181	6,170

(Continued)

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

	2018	2017	2016	2015	2014
Function					
Instruction	3,312	3,163	3,050	3,194	3,169
Support services - students and staff	890	834	676	762	655
Support services - administration	462	1,019	987	902	913
Operation and maintenance of plant services	656	425	412	396	391
Student transportation services	396	351	321	312	321
Operation of non-instructional services	310	174	198	185	189
Total	6,026	5,966	5,644	5,751	5,638

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
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
2014	46,597	380,435,722	8,164	(4.24)	431,627,700	9,263	(1.50)	3,169	14.7	73.0

Source: The source of this information is the District's financial records.
Note: Operating expenditures are total expenditures less debt service and capital outlay.

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

	Fiscal Year Ended June 30									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Schools										
Elementary										
Buildings	489	489	489	490	490	490	493	519	519	519
Square feet	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	2,750,849
Capacity	28,950	28,950	28,950	28,950	28,950	28,950	26,220	31,600	31,600	31,600
Enrollment	18,031	18,031	18,167	18,132	21,366	20,479	21,543	22,095	22,619	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	1,732,852	1,732,852	1,823,702	1,823,702	1,823,702	1,823,702
Capacity	17,125	17,125	17,125	17,125	17,125	17,125	20,850	20,850	20,850	20,850
Enrollment	8,797	8,797	9,209	9,495	10,023	10,004	10,067	10,152	12,816	12,816
High										
Buildings	119	119	119	119	118	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	13,931	13,931	14,143	13,760	14,166	14,088	14,253	14,214	14,404	14,404
Other										
Buildings	95	104	104	104	104	104	104	92	93	94
Square feet	471,383	506,841	506,841	506,841	506,841	506,841	506,841	559,201	428,082	453,143
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	441	441	364	383	174	174	174	174	174	174
Administrative										
Buildings	93	93	93	92	91	91	91	91	91	91
Square feet	523,366	523,366	523,366	484,196	460,301	460,301	460,301	460,301	460,301	443,496
Transportation										
Garages	14	14	14	14	14	14	14	14	14	14
Buses	341	341	341	341	341	341	323	318	341	350
Athletics										
Multi-purpose fields	9	9	9	9	9	9	9	9	9	9
Football fields	9	9	9	9	9	9	9	9	9	9
Running tracks	9	9	9	9	9	9	9	9	9	9
Baseball/softball	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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