

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
TUCSON UNIFIED SCHOOL DISTRICT NO. 1
TUCSON, ARIZONA
FOR THE YEAR ENDED JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

ISSUED BY:
FINANCIAL SERVICES DEPARTMENT

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INTRODUCTORY SECTION

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December 30, 2021

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

State law mandates that school districts are required to undergo an annual single audit and publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Tucson Unified School District No. 1 (District) for the fiscal year ended June 30, 2021.

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

The District's financial statements have been audited by CliftonLarsonAllen LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021, 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, 2021, 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) designed to meet the special needs of federal grantor agencies. 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 Reporting Package.

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

PROFILE OF THE DISTRICT

Everything Under the Sun Video about District Programs

https://youtu.be/l3vsZ_p8n8A

Tucson Unified School District is very proud that it is the oldest district in Arizona and was created by a territorial board of supervisors in November 1867 before Arizona was a state in the union. Tucson Unified is one of 18 public school districts located in Pima County and ultimately was formed by the unification of Tucson Elementary School District No. 1 and Tucson High School District No. 1 on July 1, 1976. The District provides public education services to over 43,000 students from Pre-Kindergarten through grade 12. District schools are spread over 230 square miles of the metropolitan Tucson area and certain unincorporated areas of the County. The average age of school structures is 48 years.

As one of the largest school districts in Arizona (over 100 school and specialty programs) and among the largest 100 districts in the United States, Tucson Unified's 2020-2021 student enrollment is approximately 80 percent from minority ethnic groups and more than 90 world languages are spoken in the District. The District offers extensive educational programs, such as advanced learning experiences (ALE), career and technical education (CTE), gifted and talented education (GATE), award-winning fine arts, bilingual and multicultural education. The District is composed of traditional comprehensive schools, magnet schools, and flexible alternative programs customized to meet our students' needs, including the new Tucson Unified Virtual Academy program. The District is also a member of the Pima County Joint Technological District (JTED), which provides students with hands-on skills for their career or college path.

Each school district within Pima County is a separate political subdivision of the state with geographic boundaries organized for the purpose of the administration, support and maintenance of public schools. The District's purpose and responsibility is to provide an efficient educational system for the children enrolled in public schools within its boundaries, whereby each child has access to programs and services that are appropriate to his or her educational needs.

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a

separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Workers' compensation insurance and certain employee health insurance benefits are provided through legally separate trusts, which function in essence as departments of the District and therefore are included as an integral part of the District financial statements. The District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and extracurricular activities.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

State funding. The State budget for FY20-21 included an increase to the Base Support Level of 1.74% for inflation in addition to an increase of \$83.08 targeted specifically for the final installment of teacher salary increases as part of a three-year plan to increase teacher salaries a total of 20% over the base year FY16-17. Capital budget funding reductions continued through FY21. The District has reached a cumulative total capital reduction of \$159M over 12 years. This has caused a strain on the District's ability to sustain capital and deferred maintenance needs such as building improvements, school buses and technology equipment. In 2020-2021, \$64 million was restored back to capital funding which reduced the amount of capital funding that was withheld from 32% down to 16%. Capital was fully restored back to the funding formula level in 2021-2022 budget.

Effect of COVID-19. The District established a COVID-19 task force on March 2, 2020 that consisted of 32 team members from all functional areas and departments. The team began developing the District's pandemic

protocols, online education plan, and disinfection plan in addition to reviewing online curriculum needs, food distribution, and communication methods.

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

On March 27, 2020, HB2910 was signed which mandated the District continue to pay all employees through the remainder of the closure, which resulted in continued payment through the remainder of the fiscal year. The continued payment of salaries in the areas of food service and community schools posed a financial hardship due to the loss of revenue during the school closures. Therefore, the district was able to fund some of these losses with the \$18.5 million in relief funding that the district received through the CARES Act Elementary and Secondary School Emergency Relief (ESSER) fund in addition to monies funded by the Enrollment Stability Grant. The District began a remote instructional model in the 4th quarter of the 2019-2020 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 remained in 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 \$15.2M from the Enrollment Stability Grant which covers expenditures from March 1, 2020 through December 30, 2020. The District received a total award of \$18.5M from ESSER I and \$76.4M from ESSER II grants. The ESSER I grant expires in September 30, 2022 and ESSER II will expire in September 30, 2023.

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.

The District began in 2019-20 the process of developing new goals and a strategic plan. However, due to COVID, the process was delayed. The District has restarted these efforts and is targeting a completion date in FY22.

A. Comprehensive Curriculum:

The Curriculum Department continues to develop a comprehensive curriculum in each subject area. This work began in 2013-14 with an aggressive push to develop a written curriculum aligned to standards and appropriate for systematic deployment. The Curriculum Department started the process with an emphasis on the core subjects of English Language Arts and Mathematics, developing curriculum maps and a written scope and sequence to ensure that students at all sites – regardless of race, ethnicity, ELL status, or socio-economic background – would be exposed to teaching which reflects an underlying curriculum assigned to consistent standards. Instructional improvement was tailored to Charlotte Danielson’s Framework for Teaching (which also underlies the District’s teacher evaluation instrument). The District’s curriculum includes a Multicultural Framework for Student Academic Success. This multicultural curriculum uses the Anti-Bias Framework, developed by the Southern Poverty Law Center, and culturally responsive teaching as a basis for effective anti-bias education at every grade level. The curriculum, which is inclusive of the histories, cultures, and contributions of diverse groups of people, enriches learning for all students, preparing them to work toward structural equality and equity by engaging them in critical thinking around issues of racism, sexism, classism, linguicism, ageism, genderism, and more.

As a result of COVID and the need to support additional online curriculum, the District has procured a learning management system which facilitates the management, delivery and measurement of the district’s learning programs and will complete the implementation in the 2021-2022 school year.

B. Technology:

Technology acquisitions, training and support were crucial throughout the transition to remote instruction in the 4th quarter of FY20 as well as throughout the entire 2020-2021 school year. In addition to the deployment of over 20,000 student devices, the District also made hotspot devices available to families in need of internet access. Infrastructure improvements on district campuses were completed to accommodate the new technology and additional load on existing systems. The District has developed a multi-year plan that achieves a 1 to 1 device for all students funded primarily from ESSER funding.

C. Desegregation Order:

The District continues to operate under a Unitary Status Plan (USP) that serves as a guide to achieving Unitary Status as required by the court in 2013. The District had been under a federal desegregation order (Stipulation of Settlement) from 1978 until 2008, when it was declared unitary, removed from federal court supervision and placed under a Post-Unitary Status Plan. The plaintiffs in the case appealed, won, and in 2011, the District was placed back under federal court supervision. The Unitary Status Plan (USP) contains 20 implementation plans in areas such as advanced learning opportunities, marketing and outreach, and professional development. The District looks forward to reaching Unitary Status in the near future based on its demonstrated commitment to integration, diversity, and equity.

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

D. General Fund Efficiency Measures:

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

Initiatives that either began in the 2020-21 year or are currently underway are as follows:

- Due to the pandemic, the District expanded the enrollment taskforce which was formed in 2018-2019 into the Enrollment Recovery taskforce to address the impact of declining enrollment due to COVID-19. The results of the taskforce included a completed districtwide implementation of online registration. Expanded Summer enrollment specialist positions were created and staffed at every elementary, middle and K-8 school to ensure that all 88 schools were accessible to parents and families throughout the summer. The continuous efforts of the enrollment taskforce positively impacted the student enrollment in the Fall of 2020. As a result, the 2019-2020 budget was increased by \$5.5 million due to better than anticipated enrollment. The District initially budgeted for a -2.8% enrollment decline and experienced a loss of less than 1%. Increased losses in enrollment in 2020-2021 were a direct result of COVID.
- The District also implemented an expanded Summer School program available to all enrolled TUSD students to help combat the learning loss due to the pandemic education options. We also ran a Jump Start program for all K, 1, 6, 7, 9 10, and new students to help orient them to their schools and staff, since they had not been physically on campus for over 18 months.
- The District continues to build upon its procurement card initiative into the 2020-2021 school year, which helped streamline complex operations and significantly reduced the cost and time of purchasing. The program has resulted in a cumulative total of more than \$6.3 million in rebate revenue to the District since inception. Proceeds from these funds are being allocated to the District's fine arts, athletics and other extracurricular programs that benefit students directly.
- The District implemented a fiscal policy to maintain a minimum carry forward contingency for Maintenance and Operations and Capital. The District increased the contingency percent from 0.6% in FY20 to 1.0% in FY21. Despite unanticipated costs related to COVID-19, the District was able to increase carryforward reserves from \$883K in FY19 to \$14 million in FY20 to \$33.7M in FY21.
- The District addressed the Minimum Wage requirement which increased the minimum hourly rate from \$12 per hour to \$12.15 per hour effective January 1, 2021.
- The District adopted a goal of increasing classroom spending as defined by the Arizona Auditor General's District Spending report to 53%. The District achieved this goal in FY20 obtaining an instructional spending level of 53.2% and continued to increase in FY21 by 0.1%, while maintaining administrative spending at 9.2%.

G. Other Major Initiatives:

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

AWARDS AND ACKNOWLEDGMENTS

Awards

Tucson Unified is proud to create excellent learning opportunities for all of our students who choose to be a part of the District. The District has established numerous programs in our schools to embrace and challenge all of our kindergarten through 12th grade students. For SY 2020-21 the following recognitions have been awarded to our schools:

- John B. Wright Elementary School – A+ School of Excellence, AVID Showcase School
- Holladay Elementary School – A for Arizona Grant; Title 1 Exemplary School Award from ESSA
- Mansfeld Middle Magnet School – Certified National Magnet School; Magnet School of Excellence Merit Award, A+ School of Excellence
- Davis Bilingual Elementary Magnet School – Certified National Magnet School; Magnet School of America’s President’s Magnet School of Merit Award of Excellence, Top 20 Magnet Schools in the Nation
- Bonillas Traditional Magnet Elementary – Magnet Schools of America – School of Distinction Award
- Ida Dodge Magnet Middle School – Magnet Schools of America – School of Distinction Award
- Carrillo K-5 Magnet School – Magnet Schools of America – School of Excellence Award
- Tucson High Magnet School – Magnet Schools of America – School of Distinction Award
- 2019 Global Education Excellence Award
- Lawrence 3-8 School – Verizon Innovative Learning Grant; Spring 2021 added a Verizon Learning Lab
- Mansfeld Middle Magnet School – Verizon Innovative Learning Grant; Spring 2021 added a Verizon Learning Lab
- Pueblo Gardens PK-8 – Verizon Innovative Learning Grant; Spring 2021 added a Verizon Learning Lab
- 2019 Excellence in K-12 STEM Education and Diversity award
 - Margaret Gebert- 21st CCLC Coordinator
- Carrillo Magnet School – 2019 Arizona Educational Foundation (AEF) A+ School of Excellence™ Award, Best Public School 2020 and 2021 Readers Choice Award from AZ Daily Star.

- 2021 – Best Communities for Music Education from the National Association of Music Merchants (NAMM) Foundation for its outstanding commitment to music education. Acknowledged for the third consecutive year, TUSD is the only school district in Arizona to receive this recognition.
- Brichta Early Learning Center voted the Arizona Daily Star Best Preschool in Tucson for 2020 and 2021
- 2020 Arizona School Public Relations Association Merit Award for Next Steps 2020 MultiCultural Outreach/Campaign
- 2020 Arizona School Public Relations Association Excellence Award for Graduation Video
- 2020 Arizona School Public Relations Association Excellence Award for Everyday Hero Video
- 2020 Arizona School Public Relations Association Merit Award for Stronger Than Ever Video
- Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting (COE), 2020
- Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting, 2020
- TUSD Food Services Copper Award from AZ Department of Education Farm to Summer Challenge
- TUSD Garden Network – 2020 Excellence Award for Commitment Environmental Education from the Arizona Association for Environmental Education
- Utterback Middle School – AVID Site of Distinction for SY 2020-21
- Magee Middle School – Odyssey of the Mind – first place honors among US and international teams competing in the Structure problem at Odyssey of the Mind World Finals, conducted remotely for the first time ever.

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

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

- Offered Free 2020 Summer Enrichment Program to all TUSD students

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

Magnet – Specializing in STEAM/STEM and the Arts.

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

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

Dual Credit – Enables students to receive simultaneous academic credit from both the college and high school, saving students thousands of dollars.

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

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

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

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

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

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

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

Tucson Unified Virtual Academy program (TUVA)- Tucson Unified Virtual Academy is a new TUSD SY2021-22 program supporting students in Kindergarten through 12th grade that prefer a remote learning environment but want strong teacher interaction.

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

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

Respectfully submitted,



Dr. Gabriel Trujillo
Superintendent



Renee Weatherless
Executive Director, Finance

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Tucson Unified School District 1

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

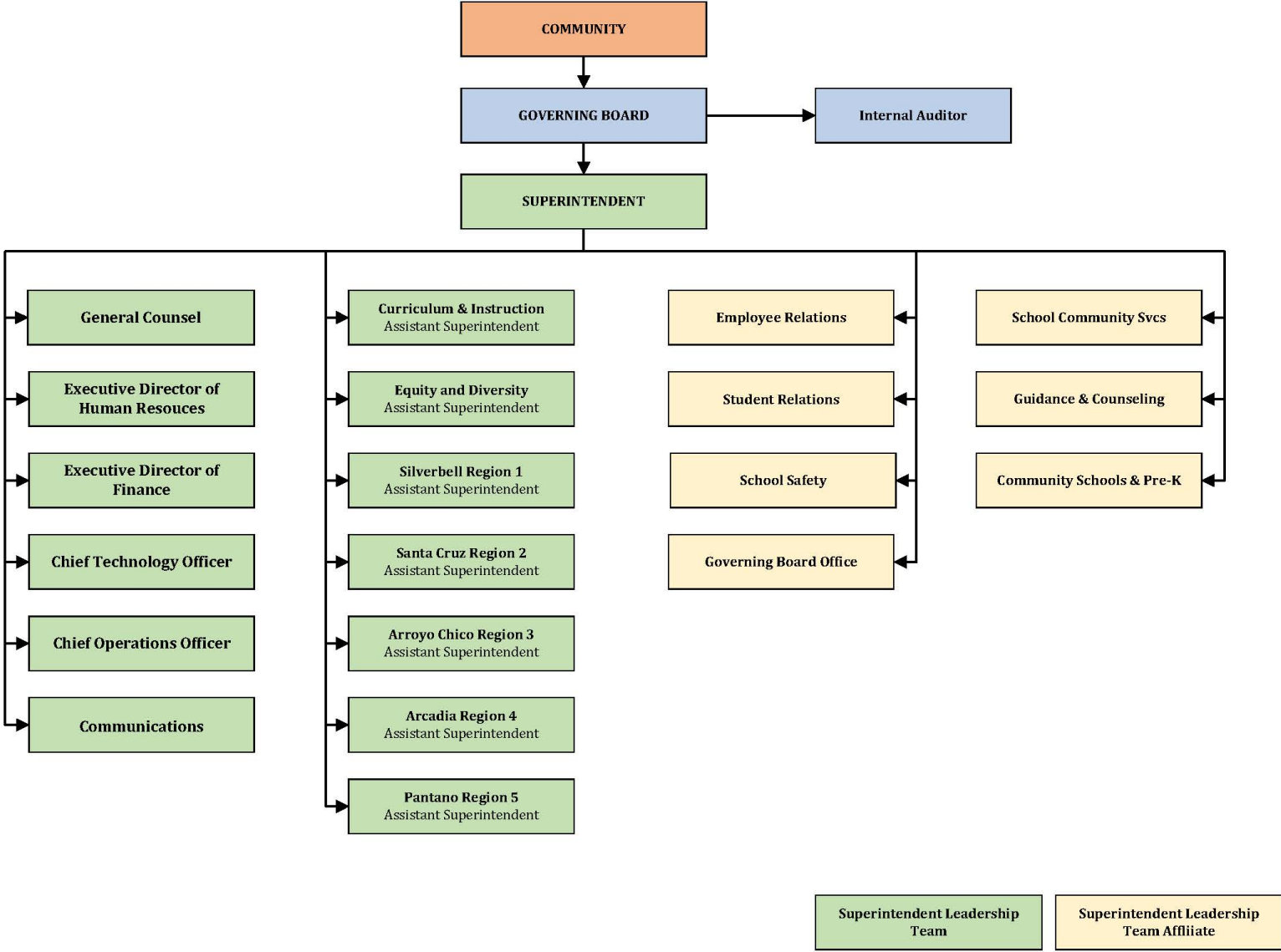
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

DISTRICT ORGANIZATIONAL CHART 2020-2021



TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL OFFICIALS

ELECTED OFFICIALS

BOARD OF EDUCATION

PRESIDENT

Leila Counts

CLERK

Sadie Shaw

MEMBERS

Adelita S. Grijalva

Dr. Ravi Grivois-Shah

Natalie Luna Rose

APPOINTED OFFICIALS

SUPERINTENDENT

Gabriel Trujillo, Ed.D.

REGIONAL ASSISTANT SUPERINTENDENT – ARCADIA REGION

Ernest Rose

REGIONAL ASSISTANT SUPERINTENDENT – ARROYO CHICO REGION

Richard Sanchez

REGIONAL ASSISTANT SUPERINTENDENT – PANTANO REGION

Holly Lemman Hammel

REGIONAL ASSISTANT SUPERINTENDENT – SANTA CRUZ REGION (INTERIM)

Mark Alvarez

REGIONAL ASSISTANT SUPERINTENDENT – SILVERBELL REGION

Brian Lambert

ASSISTANT SUPERINTENDENT – CURRICULUM AND INSTRUCTION

Flori Huitt

LEGAL COUNSEL

Robert S. Ross, Jr.

EXECUTIVE DIRECTOR OF FINANCIAL SERVICES

Renee Weatherless

DIRECTOR OF HUMAN RESOURCES

Renee Heusser

CHIEF TECHNOLOGY AND OPERATIONS OFFICER

Blaine Young

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tucson Unified School District No. 1 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

Emphasis of a Matter

During the fiscal year ended June 30, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 84, *Fiduciary Activities*. As a result of the implementation of GASBS No. 84, the District reported a restatement for the change in accounting principle (See Note 13). Our auditors' opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tucson, Arizona
December 30, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

As management of the Tucson Unified School District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$242.2 million (net position).
- The District's total net position increased by \$38.9 million. This increase was a net result of increased grants received by the District, pension liability and internal service operating loss.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$99.8 million, an increase of \$35.6 million in comparison to the prior year. The increase was substantially due to an increase in both property tax revenue and intergovernmental support.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$45.2 million, or 14.9% of total general fund expenditures.
- Net position for the Internal Service Funds decreased \$4.2 million from the prior fiscal year. Operating expenses of \$33.0 million exceeded operating revenues of \$28.6 million at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

Required Supplementary Information Other than the MD&A. Governments have the option of presenting budgetary comparison schedules for the General Fund and major Special Revenue Funds as part of the basis financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Special Project Fund budgetary comparison schedules as RSI other than MD&A, which can be found on pages 68-72. Accounting standards also require the District reports schedules of its proportionate share net pension and other postemployment benefit (OPEB) liabilities (assets) and contributions for its cost-sharing pension and OPEB plans as RSI, which can be found immediately following the budgetary comparison schedules.

Government-Wide Financial Analysis As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$242.2 million at the current fiscal year-end.

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

	Net Position		
	<u>Governmental Activities</u>		
	2021	2020	Percent Change
Current and Other Assets	\$ 181,759,006	\$ 184,770,689	(1.6)%
Capital Assets	607,684,590	618,769,291	(1.8)
Total Assets	<u>789,443,596</u>	<u>803,539,980</u>	(1.8)
Deferred Outflows of Resources	84,816,943	48,432,527	75.1
Current Liabilities	38,231,269	79,863,547	(52.1)
Noncurrent Liabilities	576,923,957	539,321,396	7.0
Total Liabilities	<u>615,155,226</u>	<u>619,184,943</u>	(0.7)
Deferred Inflows of Resources	<u>16,905,504</u>	<u>31,309,733</u>	(46.0)
Net Position (Deficit):			
Net Investment in Capital Assets	431,989,628	476,660,935	(9.4)
Restricted	49,820,194	41,374,730	20.4
Unrestricted	(239,610,013)	(316,557,834)	24.3
Total Net Position	<u>\$ 242,199,809</u>	<u>\$ 201,477,831</u>	20.2

At the end of the current fiscal year the District reported a negative unrestricted net position of \$239.6 million as a result of the District's net pension and OPEB liabilities. Positive net position was reported in the other two categories.

The District's financial position is the product of several financial transactions including the net result of activities, the payment of debt, the acquisition, and disposal of capital assets, and the depreciation of capital assets.

The following are significant current year transactions that had an impact on the Statement of Net Position:

- An increase in cash and investments of \$38.7 million due to an increase in operating grants and contributions.
- Depreciation expense in excess of additions, as well as the sale of capital assets, resulted in a net reduction in capital asset of \$11.1 million (net of accumulated depreciation).
- The net decrease in bonds payable of \$11.9 million due to the payment on outstanding bonds.
- An increase in net pension liability of \$51.8 million due to a change in actuarial assumptions.
- A net loss of \$4.2 million in Internal Service operating costs for self-insured health insurance.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

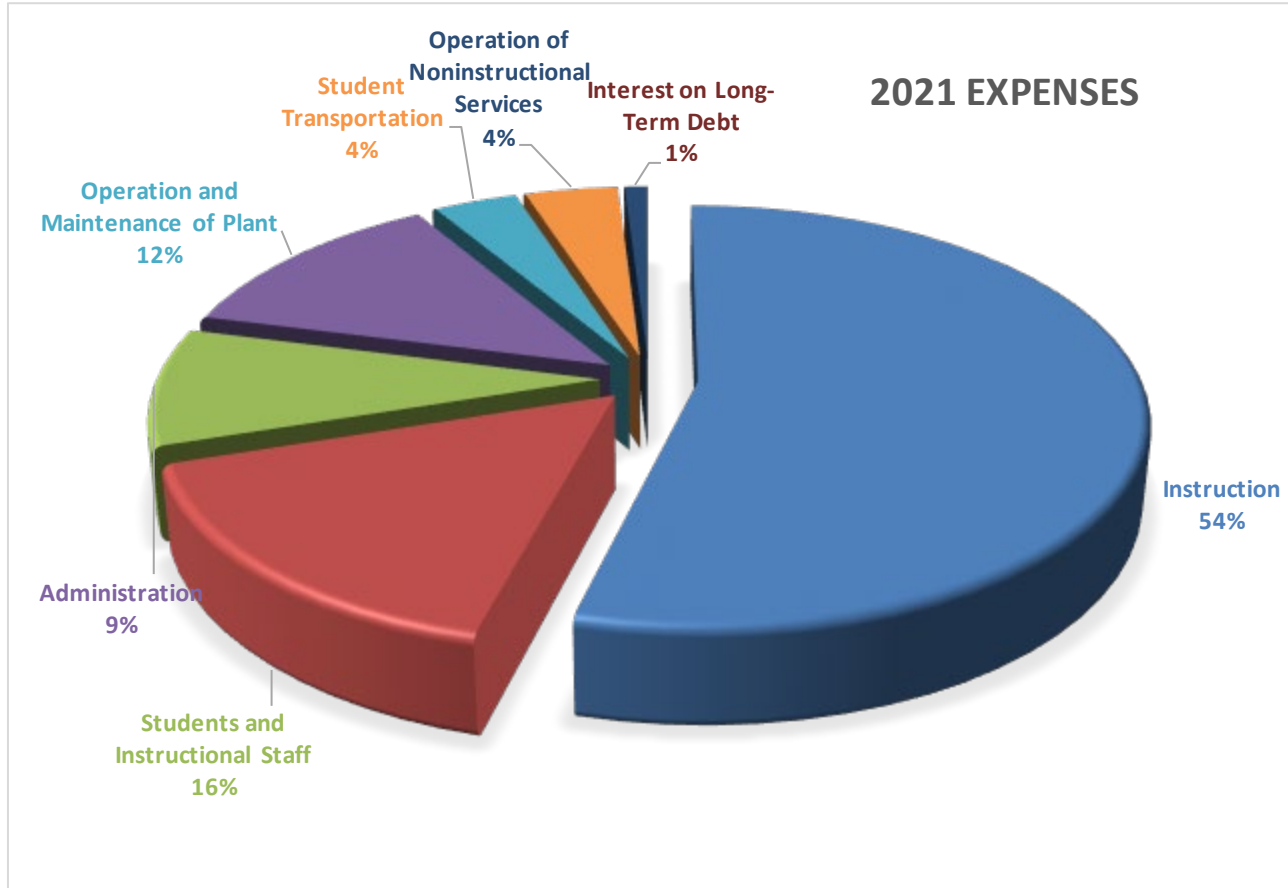
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. Overall, net position increased \$38.9 million or 19.2%. Key elements of this increase are as follows:

Change in Net Position			
	Governmental Activities		
	2021	2020	Percent Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 10,474,679	\$ 14,349,039	(27.0)%
Operating Grants and Contributions	134,520,989	100,282,568	34.1
Capital Grants and Contributions	10,241,412	1,523,251	572.3
General Revenues:			
Property Taxes	192,224,010	185,984,409	3.4
Grants and Contributions Not Restricted to Specific Programs:			
Unrestricted State and County Aid	156,447,407	171,945,593	(9.0)
Federal Grants and Aid	5,240,801	4,605,900	13.8
Investment Earnings	888,750	2,523,367	(64.8)
Other	1,441,938	666,834	116.2
Gain on the Sale of Assets	(1,456,286)	61,408	(2471.5)
Total Revenues	510,023,700	481,942,369	5.8
EXPENSES			
Instruction	254,769,001	259,941,068	(2.0)
Support Services:			
Students and Instructional Staff	74,676,328	73,940,845	1.0
Administration	42,869,234	40,814,157	5.0
Operation and Maintenance of Plant	58,478,061	55,813,248	4.8
Student Transportation	16,874,014	22,620,379	(25.4)
Operation of Noninstructional Services	18,770,717	21,853,572	(14.1)
Interest on Long-Term Debt	4,657,824	6,518,805	(28.5)
Total Expenses	471,095,179	481,502,074	(2.2)
Change in Net Position	38,928,521	440,295	8741.5
Net Position - Beginning of Year, as Restated	203,271,288	202,830,993	19.2
Net Position - End of Year	\$ 242,199,809	\$ 203,271,288	19.2

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



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

- The increase in capital grants and contributions of \$34.2 million in program revenues was due to the COVID relief funds.
- The decrease in student transportation of \$5.7 million, operation of noninstructional services of \$3.1 million and instruction of \$2.9 million was due to a net of an increase in ASRS actuarial pension liability and lower spending related to COVID-19 school closures.
- The decrease in investment earnings of \$1.6 million was due to decreased market returns.
- The increase in capital grants and contributions of \$8.7 million was primarily due to an increase in School Facilities Board grants in the building renewal fund.
- The decrease in state and county equalization and additional state aid of \$15.5 million due to lower district membership.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$99.8 million, an increase of \$37.9 million in comparison to the prior year. Approximately 45.3% of this total amount (\$45.2 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, which reflects resources of the district that are not in spendable form, or restricted, which reflects resources of the District upon which external restrictions have been placed upon their use.

At fiscal year-end 2020-21, governmental fund balances were as follows:

Fund	Balance	Increase (Decrease) From 2019-20
General Fund	\$ 51,518,452	\$ 18,962,317
Special Projects Fund	6,792,489	11,540,132
Debt Service Fund	9,692,346	1,126,354
Nonmajor Governmental Funds	31,843,739	6,241,390

The General Fund increased \$19.0 million primarily due to lower spending due to school closures related to COVID-19, increased intergovernmental revenues and increased carry forward contingency built into the fiscal year 2021 budget.

The increase in the Special Projects Funds is largely due to the District receiving additional grant revenues related to COVID-19 funding.

The increase in the Debt Service Fund is largely due to receiving more property tax revenue than was paid out as payments on related debt.

The increase in Nonmajor Governmental Funds is largely due lower spending due to school closures related to COVID-19, increased property tax revenues and increased intergovernmental revenues.

Proprietary funds. During the current fiscal year, the District's contributions to the internal service funds were \$24.5 million to fund current year claims expense and administrative costs. Unrestricted net position of the internal service funds at the end of the fiscal year amounted to \$18.8 million. Net position decreased \$4.2 million from the prior fiscal year as the District's contributions for the current year declined from the prior year and existing resources in the fund were spent down.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student enrollment. The difference between the original budget and the final amended budget was a \$15.1 million decrease, a decrease of 04.6%.

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

- The favorable variance of \$16.8 million in instruction was the result of lower spending during the year than anticipated.
- The favorable variance of \$2.8 million in operations and maintenance of plant was a result of lower spending during the year than anticipated.
- The favorable variance of \$4.8 million in student transportation was primarily the result of school closures during the fiscal year due to COVID-19.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year-end, the District had invested \$0.6 billion (net of accumulated depreciation) in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net decrease after depreciation of \$11.1 million from the prior fiscal year, primarily due to depreciation expense for the year was \$24.1 million.

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

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

	Governmental Activities	
	2021	2020
Land	\$ 15,057,776	\$ 14,588,051
Construction in Progress	9,028,784	4,484,625
Land Improvements	30,231,167	32,460,657
Buildings and Building Improvements	529,413,405	542,027,357
Furniture, Equipment, and Vehicles	23,953,458	25,208,601
Total Capital Assets, Net	\$ 607,684,590	\$ 618,769,291

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration. At the end of the current fiscal year, the District had bonded debt outstanding of \$108.5 million. All this debt is back by the full faith and credit of the District.

	Governmental Activities	
	2021	2020
General Obligation Bonds	\$ 100,605,000	\$ 115,575,000
Premiums on Bonds	12,802,758	9,714,308
Total Outstanding Debt	\$ 113,407,758	\$ 125,289,308

The District's total bonded debt decreased by \$11.9 million, representing \$15.0 million in principal payments and net increase of \$3.1 million in bond premiums.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30% of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20% of the net full cash assessed valuation or \$1,500 per student). The current total debt margin for the District is \$1.1 billion and the Class B debt limit is \$726.3 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 6 through 8.

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 2021-22 budget. Among them:

- Fiscal year 2021-22 budget balance carry forward minimum of 1.0%.
- Projected student enrollment used to allocate resources to the sites (estimated 41,865 without Pre-K).
- Average Daily Membership estimated flat to FY21 due to the significant enrollment loss experienced in FY21 that was not expected to repeat in FY22.
- The base level increased by \$84.92 or 2.0% for inflation and teacher compensation.
- District additional assistance state budget was fully funded, and the capital reduction was eliminated.

Also considered in the development of the budget is the impact of COVID-19 and the Elementary and Secondary Schools Emergency Relief (ESSER) Grants II and III which were awarded at \$76.4M and \$172.9M, respectively.

Budgeted expenditures in the General Fund increased to \$333 million in fiscal year 2021-22.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 72,496,741
Receivables, Net	
Property Taxes	18,572,403
Accounts Intergovernmental	941,437
Inventory	83,041,899
Net Other Postemployment Benefit Asset	5,011,873
Capital Assets:	1,694,653
Non-Depreciable	24,086,560
Depreciable, Net	583,598,030
Total Assets	789,443,596
DEFERRED OUTFLOWS OF RESOURCES	
Related to Debt Refunding	4,325,785
Related to Pensions	75,476,273
Related to Other Postemployment Benefits	5,014,885
Total Deferred Outflows of Resources	84,816,943
LIABILITIES	
Accounts Payable	13,709,164
Accrued Wages and Benefits	20,738,435
Unearned Revenue	3,783,670
Noncurrent Liabilities	
Claims Payable, Due Within One Year	779,830
Net Pension Liability, Due in More Than One Year	423,844,799
Net Other Postemployment Benefit Liability, Due in More Than One Year	1,829,794
Claims Payable, Due in More Than One Year	5,414,731
Due Within One Year	17,713,019
Due in More Than One Year	127,341,784
Total Liabilities	615,155,226
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	13,435,201
Related to Other Postemployment Benefits	3,470,303
Total Deferred Inflows of Resources	16,905,504
NET POSITION (DEFICIT)	
Net Investment in Capital Assets	431,989,628
Restricted for:	
Instructional Purposes	3,450,108
Food Services	5,069,079
Student Clubs and Organizations	1,761,656
Capital Projects	10,968,060
Debt Service	14,211,048
Noninstructional Services	12,665,590
Other Postemployment Benefits	1,694,653
Unrestricted	(239,610,013)
Total Net Position	\$ 242,199,809

See accompanying Notes to Financial Statements.

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 254,769,001	\$ 5,983,899	\$ 85,058,800	\$ 10,241,412	\$ (153,484,890)
Support Services:					
Students	41,862,148	-	7,787,886	-	(34,074,262)
Instructional Staff	32,814,180	-	12,162,449	-	(20,651,731)
General Administration	4,617,546	-	82,426	-	(4,535,120)
School Administration	20,082,703	-	562,738	-	(19,519,965)
Business and Other Support Services	18,168,985	2,302,372	1,111,904	-	(14,754,709)
Operation and Maintenance of Plant	58,478,061	847,599	8,904,040	-	(48,726,422)
Student Transportation	16,874,014	131,616	913,581	-	(15,828,817)
Operation of Noninstructional Services	18,770,717	1,209,193	17,563,187	-	1,663
Interest on Long-Term Debt	4,657,824	-	373,978	-	(4,283,846)
Total	<u>\$ 471,095,179</u>	<u>\$ 10,474,679</u>	<u>\$ 134,520,989</u>	<u>\$ 10,241,412</u>	<u>(315,858,099)</u>
General Revenues:					
Property Taxes					192,224,010
Grants and Contributions Not Restricted to Specific Programs					
State and County Equalization and Additional State Aid					156,447,407
Federal Grants-in-Aid					5,240,801
Investment Earnings					888,750
Other					1,441,938
Gain on the Sale of Assets					(1,456,286)
Total General Revenues					<u>354,786,620</u>
Change in Net Position					38,928,521
Net Position - Beginning of Year, as Restated					203,271,288
Net Position - End of Year					<u>\$ 242,199,809</u>

See accompanying Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Projects	Debt Service
ASSETS			
Cash and Investments	\$ 11,393,294	\$ -	\$ 9,571,423
Receivables			
Accounts Receivable	774,772	-	-
Property Taxes	15,422,434	-	2,489,010
Intergovernmental	48,895,390	25,807,142	-
Inventories	3,041,773	-	-
Due from Other Funds	9,235,781	-	-
Total Assets	\$ 88,763,444	\$ 25,807,142	\$ 12,060,433
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 5,503,069	\$ 4,238,639	\$ -
Accrued Wages and Benefits	17,759,615	2,646,294	-
Due to Other Funds	-	8,346,050	-
Unearned Revenue	-	3,783,670	-
Total Liabilities	23,262,684	19,014,653	-
Deferred Inflows of Resources			
Unavailable Revenue	13,982,308	-	2,368,087
Fund Balances			
Nonspendable	3,041,773	-	-
Restricted	3,309,506	6,792,489	9,692,346
Unassigned	45,167,173	-	-
Total Fund Balances	51,518,452	6,792,489	9,692,346
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 88,763,444	\$ 25,807,142	\$ 12,060,433

See accompanying Notes to Financial Statements.

<u>Nonmajor</u>	<u>Totals</u>
\$ 26,641,559	\$ 47,606,276
82,426	857,198
660,959	18,572,403
8,339,367	83,041,899
1,970,100	5,011,873
-	9,235,781
<u>\$ 37,694,411</u>	<u>\$ 164,325,430</u>

\$ 3,967,456	\$ 13,709,164
332,526	20,738,435
889,731	9,235,781
-	3,783,670
<u>5,189,713</u>	<u>47,467,050</u>

<u>660,959</u>	<u>17,011,354</u>
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1,970,100	5,011,873
29,873,639	49,667,980
-	45,167,173
<u>31,843,739</u>	<u>99,847,026</u>

<u>\$ 37,694,411</u>	<u>\$ 164,325,430</u>
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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balances for Governmental Funds	\$	99,847,026
Total net position reported for governmental activities in the statement of net position is different because:		
Property taxes not collected within 60 days subsequent to fiscal year-end are reported as deferred inflows of resources in the governmental funds.		
		17,011,354
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Governmental Capital Assets	\$ 1,087,296,593	
Less: Accumulated Depreciation	<u>(479,612,003)</u>	607,684,590
Deferred Inflows and Outflows reported on the statement of net position represent the acquisition and consumption of net position applicable to future periods and therefore are not reported in the funds.		
Deferred Outflows of Resources	84,816,943	
Deferred Inflows of Resources	<u>(16,905,504)</u>	67,911,439
Internal service funds are used by management to charge the costs of insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		18,780,143
Long-term liabilities that pertain to governmental funds, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
General Obligation Bonds	(100,605,000)	
Unamortized Premiums	(12,802,758)	
Capital Leases	(19,440,739)	
Net Pension Liability	(423,844,799)	
Compensated Absences Payable	(12,206,306)	
Net Other Postemployment Liability	<u>(135,141)</u>	<u>(569,034,743)</u>
Total Net Position of Governmental Activities	\$	<u>242,199,809</u>

See accompanying Notes to Financial Statements.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Special Projects	Debt Service
Revenues			
Property Taxes	\$ 161,799,506	\$ -	\$ 17,192,483
Intergovernmental	153,713,658	90,833,978	-
Tuition	-	-	-
Food Service Sales	-	-	-
Charges for Services	3,248,548	-	-
Contributions and Donations	965,486	-	-
Investment Earnings	97,962	9	538,591
Miscellaneous	652,239	144,130	-
Total Revenues	<u>320,477,399</u>	<u>90,978,117</u>	<u>17,731,074</u>
Expenditures			
Current			
Instruction	145,972,456	51,330,900	-
Support Services			
Students	33,930,070	6,557,807	-
Instructional Staff	21,051,807	10,143,897	-
General Administration	3,895,312	3,085	-
School Administration	19,460,240	417,323	-
Business and Other Support Services	14,007,611	888,383	1,570
Operations and Maintenance of Plant	48,033,802	7,439,336	-
Student Transportation	13,779,490	728,658	-
Operation of Noninstructional Services	666,113	298,519	-
Debt Service			
Principal Retirement	-	-	11,440,000
Interest on Long-Term Debt	-	-	5,163,150
Capital Outlay	2,912,184	15,650	-
Total Expenditures	<u>303,709,085</u>	<u>77,823,558</u>	<u>16,604,720</u>
Excess (Deficiency) of Revenues Over Expenditures	16,768,314	13,154,559	1,126,354
Other Financing Sources (Uses)			
Transfers In	2,614,427	-	-
Transfers Out	(2,928,955)	(1,614,427)	-
Proceeds from Sale of Capital Assets	735,746	-	-
Total Other Financing Sources (Uses)	<u>421,218</u>	<u>(1,614,427)</u>	<u>-</u>
Net Change in Fund Balances	17,189,532	11,540,132	1,126,354
Fund Balances			
Beginning of Year, As Restated	32,556,135	(4,747,643)	8,565,992
Increase (Decrease) in Nonspendable for Inventories	1,772,785	-	-
End of Year	<u>\$ 51,518,452</u>	<u>\$ 6,792,489</u>	<u>\$ 9,692,346</u>

See accompanying Notes to Financial Statements.

<u>Nonmajor</u>	<u>Totals</u>
\$ 10,818,042	\$ 189,810,031
59,695,131	304,242,767
4,760,697	4,760,697
263,017	263,017
2,202,417	5,450,965
1,699,356	2,664,842
95,003	731,565
645,570	1,441,939
80,179,233	509,365,823
35,392,443	232,695,799
792,444	41,280,321
1,528,693	32,724,397
370,906	4,269,303
88,684	19,966,247
2,871,881	17,769,445
2,042,320	57,515,458
532,089	15,040,237
18,647,391	19,612,023
2,634,822	14,074,822
926,688	6,089,838
10,492,422	13,420,256
76,320,783	474,458,146
3,858,450	34,907,677
2,963,622	5,578,049
(1,034,667)	(5,578,049)
-	735,746
1,928,955	735,746
5,787,405	35,643,423
25,602,349	61,976,833
453,985	2,226,770
\$ 31,843,739	\$ 99,847,026

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances-Total Governmental Funds \$ 35,643,423

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

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

Expenditure for Capital Assets, Net	\$ 15,044,684	
Net Book Value of Assets Disposed	(2,073,024)	
Depreciation Expense	<u>(24,068,028)</u>	(11,096,368)

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

Principal Payments on Long-Term Debt	14,970,000	
Principal Payments on Capital Leases	2,634,822	
Amortization of Premium	2,362,742	
Additional Premium on Bonds	(5,451,192)	
Amortization of Deferred Amount on Refunding	<u>(930,728)</u>	13,585,644

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

Property Taxes		2,413,978
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows or resources related to pensions, and the investment experience.

Pension and OPEB Contributions	32,534,680	
Pension and OPEB Expense	<u>(31,784,082)</u>	750,598

(Continued)

(Concluded)

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

\$ (4,242,510)

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

Change in Compensated Absences

\$ (353,014)

Change in Inventory Balances

2,226,770

1,873,756

Change in Net Position of Governmental Activities

\$ 38,928,521

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash and Investments	\$ 24,890,465
Other Receivable	84,239
Total Assets	24,974,704
LIABILITIES	
Current Liabilities	
Claims Payable	779,830
Noncurrent Liabilities	
Claims Payable	5,414,731
Total Liabilities	6,194,561
NET POSITION	
Unrestricted	18,780,143
Total Net Position	\$ 18,780,143

See accompanying Notes to Financial Statements.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Contributions	\$ 24,523,286
Miscellaneous	4,099,655
Total Operating Revenue	<u>28,622,941</u>
OPERATING EXPENSES	
Claims	28,845,055
Premiums	2,342,117
Administrative Fees	1,487,675
Other	347,789
Total Operating Expenses	<u>33,022,636</u>
Operating Loss	(4,399,695)
NONOPERATING REVENUES	
Investment Earnings	157,185
Change in Net Position	<u>(4,242,510)</u>
Total Net Position - Beginning of Year	<u>23,022,653</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 18,780,143</u></u>

See accompanying Notes to Financial Statements.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 26,687,592
Cash Received from Other Sources	4,099,655
Payments to Suppliers	(1,662,075)
Payments to Employees	(173,389)
Payments for Claims and Premiums	(31,403,275)
Net Cash Used by Operating Activities	<u>(2,451,492)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	157,185
 NET DECREASE IN CASH AND CASH EQUIVALENTS	
	(2,294,307)
Cash and Cash Equivalents at Beginning of the Year	<u>27,184,772</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>\$ 24,890,465</u></u>
 RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (4,399,695)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Effect of Changes in Assets/Liabilities:	
Other Receivable	2,164,306
Claims Payable	(216,103)
Net Cash Used by Operating Activities	<u><u>\$ (2,451,492)</u></u>

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For the year ended June 30, 2021, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the District's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to governmental funds. The District determined that the Employee Insurance Fund and Student Activities Fund, previously reported as agency funds, no longer meet the definition of an agency fund and are now recorded into the General Fund and Nonmajor Governmental Funds, respectively.

The significant District accounting policies are described below:

Reporting Entity

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

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance, and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Governing Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The District is not included in any other governmental reporting entity. The accompanying financial statements present the District's component units, entities for which the District is considered financially accountable. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The District's major operations include education, student transportation, construction, and maintenance of District facilities, food services, and athletic functions.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Blended Component Unit – The Tucson Unified School District No. 1 Employee Benefit Trust is responsible for providing health insurance for the District employees. The District's Governing Board appoints the Trust's board of directors. The Tucson Unified School District No. 1 Employee Benefit Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

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

Separate financial statements for the Employee Benefit and Workers' Compensation Trusts are not prepared.

Government-Wide and Fund Financial Statements

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

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 75 days of the end of the current fiscal period, or within 60 days for property tax revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

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

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

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major funds are presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service fund are contributions to finance the District’s self-insurance programs for employee benefits and workers’ compensation. Operating expenses for the internal service fund includes the cost of the employees’ benefit claims and the workers’ compensation claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

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

A.R.S. requires the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service Fund that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. All investments are stated at fair value.

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

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101% of all deposits not covered by federal depository insurance.

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Income

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

Property Tax Receivable

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

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

Intergovernmental Receivables

Intergovernmental receivables account for federal and state grants earned, but not received at year-end and include federal grants-in-aid (\$25,075,762), state building renewal grants (\$2,835,488), state equalization and other state assistance (\$50,458,444), and other miscellaneous receivables (\$4,672,205).

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

Short-Term Interfund Receivables/Payables

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

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

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

Capital Assets

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

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

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

Compensated Absences

The District's employee and sick leave policies generally provide for granting vacation and sick leave with pay. The amount and type of leave earned is based on the employee's bargaining unit classification and agreement. Upon separation from the District, an employee is reimbursed at varying rates and amounts based on employee's bargaining unit classification and agreement. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

Pension and OPEB

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

Long-Term Obligations

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2021 or within 60 days of fiscal year-end. The deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

Interfund Activity

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

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

Fund Balance Classifications

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

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

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications (Continued)

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

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

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

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

	General Fund	Special Projects Funds	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 3,041,773	\$ -	\$ -	\$ 1,970,100	\$ 5,011,873
Restricted:					
Voter Approved Initiatives:					
Instructional Purposes	-	-	-	3,450,108	3,450,108
Debt Service	-	-	9,692,346	2,150,615	11,842,961
Federal and State Projects	-	6,792,489	-	-	6,792,489
Food Services	-	-	-	3,098,979	3,098,979
Student Activities	-	-	-	1,761,656	1,761,656
Capital Projects	3,309,506	-	-	6,746,691	10,056,197
Enabling Legislation:					
Noninstructional Services	-	-	-	12,665,590	12,665,590
Total Restricted	3,309,506	6,792,489	9,692,346	29,873,639	49,667,980
Unassigned	45,167,173	-	-	-	45,167,173
Total Fund Balance	<u>\$ 51,518,452</u>	<u>\$ 6,792,489</u>	<u>\$ 9,692,346</u>	<u>\$ 31,843,739</u>	<u>\$ 99,847,026</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

None of the District's funds had expenditures exceed appropriations for the fiscal year ended June 30, 2021.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits and Investments at June 30, 2021 consisted of the following:

Deposits	
Cash on Hand	\$ 20,000
Cash in Bank	19,297,973
Cash with Trustee	1,559,171
Investments	
Cash on Deposit with County Treasurer	32,446,970
County Treasurer's Investment Pool	8,590,636
State Treasurer's Investment Pool	493,366
Employee Benefits Trust Investments	7,521,676
Worker's Compensation Trust Investments	2,566,949
Total Deposits and Investments	<u>\$ 72,496,741</u>

Custodial Credit Risk -- Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of the District's deposits was \$20,857,144 and the bank balance was \$22,017,640, which includes \$1,559,171 held with the trustee. At year-end, all of the District's deposits were insured or covered by collateral held by the pledging financial institution in the District's name.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Observable Inputs (Level III)
Investments by Fair Value Level				
Debt Securities				
Corporate Bond Issues	\$ 2,956,315	\$ -	\$ 2,956,315	\$ -
Total Debt Securities	<u>2,956,315</u>	<u>-</u>	<u>2,956,315</u>	<u>-</u>
Total Investments by Fair Value Level	2,956,315	<u>\$ -</u>	<u>\$ 2,956,315</u>	<u>\$ -</u>
External Investments Pools				
Measured at Fair Value				
County Treasurer's Investment Pool	41,037,606			
State Treasurer's Investment Pool	<u>493,366</u>			
Total Investments Measured at Fair Value	41,530,972			
Investments at Amortized Cost				
Money Market Mutual Funds	<u>7,132,310</u>			
Total Investments at Amortized Cost	<u>7,132,310</u>			
Total Investments	<u>\$ 51,619,597</u>			

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, however, this risk can be reduced through diversification of the duration of fixed-income investments that are held at a given time.

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

Investment	Maturity			Total
	Less than 1 Year	1-3 Years	More than 3 Years	
Money Market Mutual Funds	\$ 7,132,310	\$ -	\$ -	\$ 7,132,310
Corporate Bonds	722,630	1,224,905	1,008,780	2,956,315
County Treasurer's Investment Pool	41,037,606	-	-	41,037,606
State Treasurer's Investment Pool	493,366	-	-	493,366
Total	<u>\$ 49,385,912</u>	<u>\$ 1,224,905</u>	<u>\$ 1,008,780</u>	<u>\$ 51,619,597</u>

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year-end, the District's investment in the County and State Treasurers' investment pools did not receive a credit quality rating from a national rating agency. The State Treasurer's investment pool 7 had a weighted average rating of AAA at year-end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government. Government Agencies Investments had a weighted average rating of AA+ by Standard and Poors (S&P) and Corporate Bonds have a weighted average rating of AA- by S&P.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 RECEIVABLES

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

	Unavailable	Unearned
Delinquent Property Taxes Receivable		
General Fund	\$ 13,982,308	\$ -
Debt Service Fund	2,368,087	-
Nonmajor Governmental Funds	660,959	-
Government Grant Revenues		
Special Projects Fund	-	3,783,670
	\$ 17,011,354	\$ 3,783,670

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 14,588,051	\$ 479,725	\$ (10,000)	\$ 15,057,776
Construction in Progress	4,484,625	13,847,366	(9,303,207)	9,028,784
Total Capital Assets, Not Being Depreciated	19,072,676	14,327,091	(9,313,207)	24,086,560
Capital Assets, Being Depreciated:				
Land Improvements	76,993,316	282,121	(45,622)	77,229,815
Buildings and Improvements	903,616,497	8,413,499	(4,937,751)	907,092,245
Furniture, Equipment, and Vehicles	77,976,340	1,346,847	(435,214)	78,887,973
Total Capital Assets, Being Depreciated	1,058,586,153	10,042,467	(5,418,587)	1,063,210,033
Accumulated Depreciation for:				
Land Improvements	(44,532,659)	(2,498,825)	32,836	(46,998,648)
Buildings and Improvements	(361,589,140)	(19,029,892)	2,940,192	(377,678,840)
Furniture, Equipment, and Vehicles	(52,767,739)	(2,539,311)	372,535	(54,934,515)
Total Accumulated Depreciation	(458,889,538)	(24,068,028)	3,345,563	(479,612,003)
Total Capital Assets, Being Depreciated, Net	599,696,615	(14,025,561)	(2,073,024)	583,598,030
Governmental Activities Capital Assets, Net	\$ 618,769,291	\$ 301,530	\$ (11,386,231)	\$ 607,684,590

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 21,017,644
Support Services:	
Students	75,460
Instructional Staff	85,361
General Administration	229,613
School Administration	4,277
Business and Other Support Services	232,398
Operations and Maintenance of Plant	376,402
Student Transportation	1,909,607
Operation of Noninstructional Services	137,266
Total Depreciation Expense	<u>\$ 24,068,028</u>

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

Project	Governmental Activities	
	Spent-to-Date	Estimated Remaining
Various Sites - Kitchen A/C Upgrade	\$ 293,687	\$ 202,098
Various Sites - HVAC Unit Replacement	445,500	2,402,310
Hollinger - Weatherization	664,894	32,470
Oyama - Boiler Replacement	36,882	78,234
Gridley - Roof Replacement	1,552,727	71,272
Totals	<u>\$ 2,993,690</u>	<u>\$ 2,786,384</u>

NOTE 6 OBLIGATIONS UNDER LEASES

Capital Leases

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 OBLIGATIONS UNDER LEASES (CONTINUED)

Capital Leases (Continued)

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

	Governmental Activities
Asset:	
Buildings and Improvements	\$ 29,466,812
Vehicles and Equipment	3,715,636
Less:	
Accumulated Depreciation	(13,742,079)
Total	\$ 19,440,369

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

Year Ended June 30,	Governmental Activities
2022	\$ 3,561,512
2023	2,899,118
2024	2,805,398
2025	2,774,158
2026	2,774,158
2027-29	8,322,474
Total Minimum Lease Payments	23,136,818
Less: Amount Representing Interest	(3,696,079)
Present Value of Minimum Lease Amounts	\$ 19,440,739

Operating Leases

The District leases equipment and a data center under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$1,029,655 for the current fiscal year. The operating leases have remaining noncancelable lease terms from one to four years and provide renewal options.

Year Ended June 30,	Governmental Activities
2022	\$ 193,968
2023	193,968
2024	171,860
2025	171,860
Total Minimum Lease Payments	\$ 731,656

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 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 major governmental fund, are used to pay the bonded debt.

Purpose	Original Amount Issued	Interest Rates (%)	Maturity Dates	Amount Outstanding
Governmental Activities:				
Refunding Bonds, Series 2010	\$ 45,725,000	4.62-6.312%	7/1/19-22	\$ 65,000
Refunding Bonds, Series 2011 (Nontaxable)	28,115,000	4.00-5.00%	7/1/19-24	7,800,000
Refunding Bonds, Series 2016	63,000,000	4.00-5.00%	7/1/19-27	47,925,000
Refunding Bonds, Series 2017 (2020 Crossover)	48,520,000	3.00-5.00%	7/1/21-30	44,815,000
Total				<u>\$ 100,605,000</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 12,265,000	\$ 4,591,750
2023	12,985,000	3,979,150
2024	11,530,000	3,329,900
2025	14,965,000	2,763,850
2026	16,325,000	2,015,600
2027-2030	32,535,000	2,392,050
Totals	<u>\$ 100,605,000</u>	<u>\$ 19,072,300</u>

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 GENERAL OBLIGATION BONDS PAYABLE (CONTINUED)

Legal Debt Margin

The legal debt margin of the District at June 30, 2021 is as follows:

Net Full Cash Assessed Value \$ 4,085,903,324

Legal Debt Margin:

General Obligation Bonds

Debt Limitation - 30% of Assessed Value 1,225,770,997

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$	100,605,000
Less: Assets in Debt Service Fund Available for Payment of Principal		<u>(9,692,346)</u>

Total Amount of Debt Applicable to Debt Limit 90,912,654

Legal Debt Margin \$ 1,134,858,343

Class B General Obligation Bonds

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

20% of secondary net assessed valuation	\$	817,180,664
\$1,500 per student (ADM) (\$1,500 * 39,293)		58,939,500

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$	100,605,000
Less: Assets in Debt Service Fund Available for Payment of Principal		<u>(9,692,346)</u>

Total Amount of Debt Applicable to Debt Limit 90,912,654

Legal Debt Margin \$ 726,268,010

NOTE 8 CHANGES IN LONG-TERM LIABILITIES

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

	Beginning of Year	Increases	Decreases	End of Year	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 115,575,000	\$ -	\$ (14,970,000)	\$ 100,605,000	\$ 12,265,000
Premium	9,714,308	5,451,192	(2,362,742)	12,802,758	-
Total Bonds Payable	<u>125,289,308</u>	<u>5,451,192</u>	<u>(17,332,742)</u>	<u>113,407,758</u>	<u>12,265,000</u>
Other Liabilities:					
Capital Lease Obligations	22,075,561	-	(2,634,822)	19,440,739	2,739,825
Compensated Absences	11,853,292	4,725,290	(4,372,276)	12,206,306	2,708,194
Total Other Liabilities	<u>33,928,853</u>	<u>4,725,290</u>	<u>(7,007,098)</u>	<u>31,647,045</u>	<u>5,448,019</u>
Total Debt	<u>\$ 159,218,161</u>	<u>\$ 10,176,482</u>	<u>\$ (24,339,840)</u>	<u>\$ 145,054,803</u>	<u>\$ 17,713,019</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year-end, interfund balances were as follows:

Due to/from other funds – Due to/from other funds, representing short-term interfund borrowing, consisted of the following at June 30, 2021:

Due To	Due From			Total
	General Fund	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 8,346,050	\$ 889,731	\$ 9,235,781

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

Interfund transfers:

Transfer In	Transfer Out			Total
	General Fund	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 1,614,427	\$ 999,999	\$ 2,614,426
Nonmajor Governmental Funds	2,928,955	-	34,668	2,963,623
Total	\$ 2,928,955	\$ 1,614,427	\$ 1,034,667	\$ 5,578,049

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 COMMITMENTS AND CONTINGENCIES

Compliance

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

Lawsuits

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

Intergovernmental Agreement

The District and Pima County (County) are involved in litigation with the State of Arizona related to state aid not paid to the District. In May 2020, the District entered into an Intergovernmental Agreement (IGA) with the County for the investment of County funds in District warrants registered for properly budgeted expenses. The IGA extends County funds to the District should the District experience cash shortfalls as a result of the loss of the state aid. As of June 30, 2021, the District has not utilized the IGA to cover cash shortfalls.

NOTE 11 RISK MANAGEMENT

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

The District established an Employee Benefit Trust (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health claims. Under this program, the Fund provides coverage for up to a maximum of \$1,000,000 for each claim. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims did not exceed this coverage in the past three fiscal years. The related plan changed their fiscal year-end from August 31 to June 30 during the current fiscal year to align with the District's year-end. Therefore, there is only 10 months of activity reported for the year ending June 30, 2021.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 RISK MANAGEMENT (CONTINUED)

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

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

	Employee Benefits		Workers' Compensation	
	2021	2020	2021	2020
Unpaid Claims and Claim Adjustment Expenses at Beginning of the Fiscal Year	\$ 4,347,647	\$ 2,329,354	\$ 2,063,017	\$ 1,203,848
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	29,216,603	32,719,477	1,970,569	2,695,114
Total Incurred Claims and Claim Adjustment Expenses	33,564,250	35,048,831	4,033,586	3,898,962
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	29,088,520	30,701,184	2,314,755	1,835,945
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year	\$ 4,475,730	\$ 4,347,647	\$ 1,718,831	\$ 2,063,017

The District joined the Arizona School Risk Retention Trust, Inc. (ASRRT) for claims in excess of the stated amounts. ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts. The District retains the risk of loss for general property claims up to \$100,000 and carries commercial insurance for claims in excess of \$100,000. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The District continued to carry commercial insurance for employee dental, life, and vision insurance and property insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

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

	Before July 1, 2011	On or After July 1, 2011
Years of Service and Age Required to Receive Benefit	Sum of Years and Age Equals 80 10 Years, Age 62 5 Years, Age 50* Any Years, Age 65	30 Years, Age 55 25 Years, Age 60 10 Years, Age 62 5 Years, Age 50* Any Years, Age 65
Final Average Salary is Based on	Highest 36 Consecutive Months of Last 120 Months	Highest 60 Consecutive Months of Last 120 Months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

* With Actuarially Reduced Benefits

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided (Continued)

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

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

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% 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 12.22% (11.65% for retirement, 0.39% for health insurance premium benefit, and 0.18% for long-term disability) of the active members' annual covered payroll.

In addition, the District was required by statute to contribute at the actuarially determined rate of 10.21% (10.14% for retirement, 0.00% for health insurance premium benefit, and 0.07% for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021, were \$30,761,535, \$1,331,009, and \$442,136, respectively. The contributions were paid 76% from the General Fund and 24% from other funds.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Liability

At June 30, 2021, the District reported the following asset and liabilities for its proportionate share of the ASRS; net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	\$ 423,844,799
Health Insurance Premium Benefit	(1,694,653)
Long-Term Disability	1,829,794

The net asset and net liabilities were measured as of June 30, 2020. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The total pension liability as of June 30, 2020 reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020, and the change from its proportions measured as of June 30, 2019 were:

	Proportion June 30, 2020	Increase (Decrease) from June 30, 2019
Pension	2.44622%	(0.00111)
Health Insurance Premium Benefit	2.39359%	(0.00114)
Long-term Disability	2.41203%	(0.00107)

The net asset and net liabilities measured as of June 30, 2020, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The change in the District's net asset and net liabilities as a result of these changes is not known.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Expense

For the year ended June 30, 2021, the District recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 30,680,302
Health Insurance Premium Benefit	\$ 537,174
Long-Term Disability	566,606
Total OPEB	\$ 1,103,780

Deferred Outflows/Inflows of Resources

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,834,411	\$ -
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	40,880,327	-
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	13,435,201
Contributions Subsequent to the Measurement Date	30,761,535	-
Total	\$ 75,476,273	\$ 13,435,201

	Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 3,339,204
Changes of Assumptions or Other Inputs	939,504	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,733,937	-
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	10,458	3,060
Contributions Subsequent to the Measurement Date	1,331,009	-
Total	\$ 4,014,908	\$ 3,342,264

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

	<u>Long-term Disability</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 159,237	\$ 47,119
Changes of Assumptions or Other Inputs	197,149	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	201,455	-
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	-	80,920
Contributions Subsequent to the Measurement Date	442,136	-
Total	<u>\$ 999,977</u>	<u>\$ 128,039</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension and OPEB liabilities in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2022	\$ (3,466,211)	\$ (358,986)	\$ 71,657
2023	7,314,828	7,853	104,353
2024	14,786,850	88,431	110,348
2025	12,644,070	(90,289)	97,883
2026	-	(305,374)	45,708
Thereafter	-	-	(147)

Actuarial Assumptions

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

Actuarial Valuation Date	June 30, 2019
Actuarial Roll Forward Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.5%
Projected Salary Increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent Benefit Increase	Included for pensions/not applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery Rates	2012 GLDT for long-term disability
Healthcare Cost Trend Rate	Not applicable

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2016.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	50 %	6.39 %
Fixed Income - Credit	20	5.44
Fixed Income - Interest Rate Sensitive	10	0.22
Real Estate	20	5.85
Total	<u>100 %</u>	

Discount Rate

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the			
Net Pension Liability	\$ 579,602,011	\$ 423,844,799	\$ 293,639,771
Net Insurance Premium Benefit Asset	2,223,563	(1,694,653)	(5,029,195)
Net Long-term Disability Liability	1,997,834	1,829,794	1,666,686

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Fiduciary Net Position

Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

NOTE 13 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2021, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. The District determined that the Employee Insurance Fund and Student Activities Fund, previously reported as agency funds, no longer meet the definition of an agency fund and are now recorded into the General Fund and Nonmajor Governmental Funds, respectively. Adoption of the provisions of this statement requires the restatement of June 30, 2020 fund balance of the general fund, nonmajor governmental funds and net position in the Governmental Activities. The net effect of the restatement of fund balance and net position are as follows:

	<u>General Fund</u>	<u>Special Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Activities</u>
Net Position/Fund Balance, July 1, 2020 (As Previously Stated)	\$ 32,555,880	\$ (4,747,643)	\$ 8,565,992	\$ 23,809,147	\$ 201,477,831
Change in Accounting Principle - GASB 84 Student Activities Fund and Employee Insurance Fund	<u>255</u>	<u>-</u>	<u>-</u>	<u>1,793,202</u>	<u>1,793,457</u>
Net Position/Fund Balance, July 1, 2020, (As Restated)	<u>\$ 32,556,135</u>	<u>\$ (4,747,643)</u>	<u>\$ 8,565,992</u>	<u>\$ 25,602,349</u>	<u>\$ 203,271,288</u>

NOTE 14 SUBSEQUENT EVENTS

We have evaluated subsequent events through December 30, 2021, the date the financial statements were available to be issued.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ -	\$ -	\$ 161,799,506	\$ 161,799,506
Intergovernmental	-	-	148,449,957	148,449,957
Investment Earnings (Loss)	-	-	33,858	33,858
Miscellaneous	-	-	162,642	162,642
Total Revenues	-	-	310,445,963	310,445,963
Expenditures				
Regular Education				
Instruction	90,817,372	85,157,122	76,043,368	9,113,754
Support Services				
Students	13,692,525	13,526,016	15,738,539	(2,212,523)
Instructional Staff	6,654,624	5,960,403	7,693,810	(1,733,407)
General Administration	2,037,113	2,221,628	2,327,477	(105,849)
School Administration	19,514,164	19,068,151	18,931,352	136,799
Central Services	9,039,609	8,212,500	8,159,791	52,709
Operations and Maintenance of Plant	53,298,355	49,116,309	46,345,475	2,770,834
Operation of Noninstructional Services	-	-	447,612	(447,612)
School-Sponsored Cocurricular Activities	433,365	433,365	348,847	84,518
School-Sponsored Athletics	3,211,886	3,211,886	2,220,289	991,597
Total Regular Education	198,699,013	186,907,380	178,256,560	8,650,820
Special Education				
Instruction	42,925,966	41,917,164	34,770,625	7,146,539
Support Services - Students	13,154,203	13,154,203	11,923,928	1,230,275
Support Services - Instructional Staff	2,019,368	2,019,368	1,795,893	223,475
Support Services - School Administration	162,760	162,760	149,273	13,487
Support Services - Business	106,364	106,364	100,890	5,474
Operations and Maintenance of Plant	118,753	118,753	101,814	16,939
Total Special Education	58,487,414	57,478,612	48,842,423	8,636,189
Pupil Transportation	11,703,712	11,703,712	6,924,403	4,779,309
Desegregation	61,055,067	58,784,072	58,784,072	-
Dropout Prevention	767,410	767,410	761,320	6,090
K-3 Reading Program	292,445	292,445	32,042	260,403
Total Expenditures	331,005,061	315,933,631	293,600,820	22,332,811
Excess (Deficiency) of Revenues Over Expenditures	(331,005,061)	(315,933,631)	16,845,143	332,778,774
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(2,928,954)	(2,928,954)
Total Other Financing Sources (Uses)	-	-	(2,928,954)	(2,928,954)
Net Change in Fund Balance	(331,005,061)	(315,933,631)	13,916,189	329,849,820
Fund Balance				
Beginning of Year	-	-	13,082,936	13,082,936
Decrease in Nonspendable for Inventories	-	-	1,772,785	1,772,785
End of Year	<u>\$ (331,005,061)</u>	<u>\$ (315,933,631)</u>	<u>\$ 28,771,910</u>	<u>\$ 344,705,541</u>

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 90,833,978	\$ 90,833,978
Investment Earnings	-	-	9	9
Total Revenues	-	-	90,978,117	90,978,117
Expenditures				
Current				
Instruction	48,826,171	62,302,716	51,330,900	10,971,816
Support Services				
Students	6,237,814	7,959,517	6,557,807	1,401,710
Instructional Staff	9,648,918	12,312,123	10,143,897	2,168,226
General Administration	2,934	3,744	3,085	659
School Administration	396,959	506,524	417,323	89,201
Business and Other Support Services	845,034	1,078,272	888,383	189,889
Operations and Maintenance of Plant	7,076,328	9,029,470	7,439,336	1,590,134
Student Transportation	693,103	884,406	728,658	155,748
Operation of Noninstructional Services	283,953	362,326	298,519	63,807
Facilities Acquisition	14,886	18,995	15,650	3,345
Total Expenditures	74,026,101	94,458,094	77,823,558	16,634,537
Excess (Deficiency) of Revenues Over Expenditures	(74,026,101)	(94,458,094)	13,154,559	107,612,653
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,614,427)	(1,614,427)
Total Other Finance Sources (Uses)	-	-	(1,614,427)	(1,614,427)
Net Change in Fund Balance	(74,026,101)	(94,458,094)	11,540,132	105,998,226
Fund Balance				
Beginning of Year	-	-	(4,747,643)	(4,747,643)
End of Year	\$ (74,026,101)	\$ (94,458,094)	\$ 6,792,489	\$ 101,250,583

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

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

ASRS - Pension	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's Proportion of the Net Pension Liability	2.44622%	2.55685%	2.60893%	2.63076%	2.55567%	2.57435%	2.62166%	2.93952%
District's Proportionate Share of the Net Pension Liability	\$ 423,844,799	\$ 372,051,424	\$ 363,853,920	\$ 409,821,128	\$ 412,510,812	\$ 400,992,229	\$ 387,916,386	\$ 488,674,938
District's Covered Payroll	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476	\$ 225,906,271	N/A	N/A
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.17%	144.70%	161.41%	175.54%	178.96%	177.50%	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.33%	73.24%	73.00%	69.92%	67.06%	68.35%	N/A	N/A
ASRS - Health Insurance Premium Benefit								
	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)			
District's Proportion of the Net OPEB Liability (Asset)	2.39359%	2.50792%	2.56702%	2.60208%	2.60208%			
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,694,653)	\$ (693,073)	\$ (924,360)	\$ (1,416,572)	\$ 752,406			
District's Covered Payroll	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476			
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.70%	-0.27%	-0.41%	-0.61%	0.33%			
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	104.33%	101.62%	102.00%	103.57%	N/A			
ASRS - Long-term Disability								
	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)			
District's Proportion of the Net OPEB Liability (Asset)	2.41203%	2.51924%	2.60851%	2.61688%	2.61688%			
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,829,794	\$ 1,641,147	\$ 1,362,958	\$ 948,559	\$ 940,411			
District's Covered Payroll	\$ 253,887,629	\$ 257,123,313	\$ 255,428,219	\$ 233,458,184	N/A			
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	0.72%	0.64%	0.53%	0.41%	N/A			
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	68.01%	72.85%	78.00%	84.44%	N/A			

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

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

ASRS - Pension	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 30,761,535	\$ 30,558,140	\$ 30,105,384	\$ 28,232,555	\$ 27,661,624	\$ 25,963,519	\$ 25,821,534	\$ 25,286,682
Contributions in Relation to the Statutorily Required Contribution	<u>30,761,535</u>	<u>30,558,140</u>	<u>30,105,384</u>	<u>28,232,555</u>	<u>27,661,624</u>	<u>25,963,519</u>	<u>25,821,534</u>	<u>25,286,682</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 245,516,094	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184	\$ 230,508,476	\$ 225,906,271	N/A
Contributions as a Percentage of Covered Payroll	12.53%	12.56%	11.71%	12.52%	11.85%	11.26%	11.43%	N/A
ASRS - Health Insurance Premium Benefit	2021	2020	2019	2018	2017			
Statutorily Required Contribution	\$ 1,331,009	\$ 1,307,728	\$ 1,238,624	\$ 1,139,663	\$ 1,400,798			
Contributions in Relation to the Statutorily Required Contribution	<u>1,331,009</u>	<u>1,307,728</u>	<u>1,238,624</u>	<u>1,139,663</u>	<u>1,400,798</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
District's Covered Payroll	\$ 245,516,094	\$ 243,346,001	\$ 257,123,313	\$ 225,428,219	\$ 233,458,184			
Contributions as a Percentage of Covered Payroll	0.54%	0.54%	0.48%	0.51%	0.60%			
ASRS - Long-term Disability	2021	2020	2019	2018	2017			
Statutorily Required Contribution	\$ 442,136	\$ 453,702	\$ 430,905	\$ 414,423	\$ 355,901			
Contributions in Relation to the Statutorily Required Contribution	<u>442,136</u>	<u>453,702</u>	<u>430,905</u>	<u>414,423</u>	<u>355,901</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
District's Covered Payroll	\$ 245,517,328	\$ 253,887,629	\$ 257,123,313	\$ 255,428,219	\$ 233,458,184			
Contributions as a Percentage of Covered Payroll	0.18%	0.18%	0.17%	0.16%	0.15%			

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2021

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

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

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

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 320,477,399	\$ 303,709,085	\$ 421,218	\$ 32,556,135	\$ 51,518,452
Non Maintenance and Operation Activity Included in General Fund	<u>(10,031,436)</u>	<u>(10,108,265)</u>	<u>(3,350,172)</u>	<u>(19,473,199)</u>	<u>(22,746,542)</u>
Budgetary Comparison Schedule - General Fund	<u>\$ 310,445,963</u>	<u>\$ 293,600,820</u>	<u>\$ (2,928,954)</u>	<u>\$ 13,082,936</u>	<u>\$ 28,771,910</u>

NOTE 2 COST SHARING PLANS

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

Student Activities – to account for monies raised with the approval of the governing board by students to finance student clubs, organizations and other student entertainment other than auxiliary operations fund monies.

CAPITAL PROJECTS FUNDS

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

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

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

DEBT SERVICE FUNDS

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Student Activities
ASSETS					
Cash and Investments	\$ 3,351,828	\$ 113,695	\$ 1,339,370	\$ 12,088,395	\$ 1,854,852
Receivables					
Accounts Receivable	-	-	48,097	34,329	-
Property Taxes	-	-	-	-	-
Intergovernmental	-	-	1,906,124	972,000	-
Inventories	-	-	1,970,100	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	<u>\$ 3,351,828</u>	<u>\$ 113,695</u>	<u>\$ 5,263,691</u>	<u>\$ 13,094,724</u>	<u>\$ 1,854,852</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 771	\$ -	\$ 14,611	\$ 268,933	\$ 93,196
Accrued Wages and Benefits	14,894	(250)	180,001	137,876	-
Due to Other Funds	-	-	-	22,325	-
Total Liabilities	<u>15,665</u>	<u>(250)</u>	<u>194,612</u>	<u>429,134</u>	<u>93,196</u>
Deferred Inflows of Resources					
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	1,970,100	-	-
Restricted	<u>3,336,163</u>	<u>113,945</u>	<u>3,098,979</u>	<u>12,665,590</u>	<u>1,761,656</u>
Total Fund Balances	<u>3,336,163</u>	<u>113,945</u>	<u>5,069,079</u>	<u>12,665,590</u>	<u>1,761,656</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,351,828</u>	<u>\$ 113,695</u>	<u>\$ 5,263,691</u>	<u>\$ 13,094,724</u>	<u>\$ 1,854,852</u>

Total Special Revenue Funds	Capital Projects			Total Capital Projects Funds	Debt Service	Total Nonmajor Governmental Funds
	Unrestricted Capital Outlay	Adjacent Ways	Building Renewal		Energy & Water Savings	
\$ 18,748,140	\$ 4,551,161	\$ 1,181,763	\$ -	\$ 5,732,924	\$ 2,160,495	\$ 26,641,559
82,426	-	-	-	-	-	82,426
-	660,959	-	-	660,959	-	660,959
2,878,124	2,625,755	-	2,835,488	5,461,243	-	8,339,367
1,970,100	-	-	-	-	-	1,970,100
-	-	-	-	-	-	-
<u>\$ 23,678,790</u>	<u>\$ 7,837,875</u>	<u>\$ 1,181,763</u>	<u>\$ 2,835,488</u>	<u>\$ 11,855,126</u>	<u>\$ 2,160,495</u>	<u>\$ 37,694,411</u>
\$ 377,511	\$ 1,607,924	\$ 4,059	\$ 1,968,082	\$ 3,580,065	\$ 9,880	\$ 3,967,456
332,521	5	-	-	5	-	332,526
22,325	-	-	867,406	867,406	-	889,731
<u>732,357</u>	<u>1,607,929</u>	<u>4,059</u>	<u>2,835,488</u>	<u>4,447,476</u>	<u>9,880</u>	<u>5,189,713</u>
-	660,959	-	-	660,959	-	660,959
1,970,100	-	-	-	-	-	1,970,100
20,976,333	5,568,987	1,177,704	-	6,746,691	2,150,615	29,873,639
<u>22,946,433</u>	<u>5,568,987</u>	<u>1,177,704</u>	<u>-</u>	<u>6,746,691</u>	<u>2,150,615</u>	<u>31,843,739</u>
<u>\$ 23,678,790</u>	<u>\$ 7,837,875</u>	<u>\$ 1,181,763</u>	<u>\$ 2,835,488</u>	<u>\$ 11,855,126</u>	<u>\$ 2,160,495</u>	<u>\$ 37,694,411</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Student Activities
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	21,923,758	1,849,521	16,570,430	281,582	-
Tuition	-	-	-	4,760,697	-
Food Service Sales	-	-	263,017	-	-
Charges for Services	-	-	-	2,202,417	-
Contributions and Donations	-	-	-	1,699,356	-
Investment Earnings	30,027	2,943	874	33,843	2,406
Miscellaneous	1,063	-	383	257,706	359,739
Total Revenues	<u>21,954,848</u>	<u>1,852,464</u>	<u>16,834,704</u>	<u>9,235,601</u>	<u>362,145</u>
Expenditures					
Current					
Instruction	21,612,298	1,743,240	-	3,762,324	-
Support Services					
Students	2,776	-	-	103,625	-
Instructional Staff	152,732	-	-	499,788	-
General Administration	-	-	-	335,045	-
School Administration	-	-	-	66,113	-
Business and Other Support Services	-	-	803	146,221	-
Operations and Maintenance of Plant	-	-	-	328,787	-
Student Transportation	-	-	-	94,502	-
Operation of Noninstructional Services	-	-	14,990,083	3,248,350	393,691
Debt Service					
Principal Retirement	-	-	112,379	-	-
Interest on Long-Term Debt	-	-	12,581	-	-
Capital Outlay					
Facilities Acquisition	-	-	-	281,839	-
Total Expenditures	<u>21,767,806</u>	<u>1,743,240</u>	<u>15,115,846</u>	<u>8,866,594</u>	<u>393,691</u>
Excess (Deficiency) of Revenues Over Expenditures	187,042	109,224	1,718,858	369,007	(31,546)
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	34,668
Transfers Out	-	-	(1,000,000)	1	(34,668)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>1</u>	<u>-</u>
Net Change in Fund Balances	187,042	109,224	718,858	369,008	(31,546)
Fund Balances					
Beginning of Year, as Restated	3,149,121	4,721	3,896,236	12,296,582	1,793,202
Increase in Nonspendable for Inventories	-	-	453,985	-	-
End of Year	<u>\$ 3,336,163</u>	<u>\$ 113,945</u>	<u>\$ 5,069,079</u>	<u>\$ 12,665,590</u>	<u>\$ 1,761,656</u>

Total Special Revenue Funds	Capital Projects			Total Capital Projects Funds	Debt Service	Total Nonmajor Governmental Funds
	Unrestricted Capital Outlay	Adjacent Ways	Building Renewal		Energy & Water Savings	
\$ -	\$ 9,832,579	\$ 985,463	\$ -	\$ 10,818,042	\$ -	\$ 10,818,042
40,625,291	7,997,450	-	10,241,412	18,238,862	830,978	59,695,131
4,760,697	-	-	-	-	-	4,760,697
263,017	-	-	-	-	-	263,017
2,202,417	-	-	-	-	-	2,202,417
1,699,356	-	-	-	-	-	1,699,356
70,093	17,634	4,159	-	21,793	3,117	95,003
618,891	26,679	-	-	26,679	-	645,570
<u>50,239,762</u>	<u>17,874,342</u>	<u>989,622</u>	<u>10,241,412</u>	<u>29,105,376</u>	<u>834,095</u>	<u>80,179,233</u>
27,117,862	8,274,581	-	-	8,274,581	-	35,392,443
106,401	686,043	-	-	686,043	-	792,444
652,520	876,173	-	-	876,173	-	1,528,693
335,045	35,861	-	-	35,861	-	370,906
66,113	22,571	-	-	22,571	-	88,684
147,024	2,724,857	-	-	2,724,857	-	2,871,881
328,787	869,589	-	784,276	1,653,865	59,668	2,042,320
94,502	437,587	-	-	437,587	-	532,089
18,632,124	15,267	-	-	15,267	-	18,647,391
112,379	629,492	-	-	629,492	1,892,951	2,634,822
12,581	32,900	-	-	32,900	881,207	926,688
281,839	705,321	48,126	9,457,136	10,210,583	-	10,492,422
<u>47,887,177</u>	<u>15,310,242</u>	<u>48,126</u>	<u>10,241,412</u>	<u>25,599,780</u>	<u>2,833,826</u>	<u>76,320,783</u>
2,352,585	2,564,100	941,496	-	3,505,596	(1,999,731)	3,858,450
34,668	-	-	-	-	2,928,954	2,963,622
<u>(1,034,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,034,667)</u>
<u>(999,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,928,954</u>	<u>1,928,955</u>
1,352,586	2,564,100	941,496	-	3,505,596	929,223	5,787,405
21,139,862	3,004,887	236,208	-	3,241,095	1,221,392	25,602,349
453,985	-	-	-	-	-	453,985
<u>\$ 22,946,433</u>	<u>\$ 5,568,987</u>	<u>\$ 1,177,704</u>	<u>\$ -</u>	<u>\$ 6,746,691</u>	<u>\$ 2,150,615</u>	<u>\$ 31,843,739</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final Budget		
Revenues				
Property Taxes	\$ -	\$ -	\$ 17,192,483	\$ 17,192,483
Investment Earnings	-	-	538,591	538,591
Total Revenues	-	-	17,731,074	17,731,074
Expenditures				
Support Services				
Business and Other Support Services	1,706	1,706	1,570	136
Debt Service				
Principal Retirement	12,430,736	12,430,736	11,440,000	990,736
Interest on Long-Term Debt	5,610,293	5,610,293	5,163,150	447,143
Total Expenditures	18,042,736	18,042,736	16,604,720	1,438,015
Net Change in Fund Balance	(18,042,736)	(18,042,736)	1,126,354	19,169,090
Fund Balance				
Beginning of Year	-	-	8,565,992	8,565,992
End of Year	\$ (18,042,736)	\$ (18,042,736)	\$ 9,692,346	\$ 27,735,082

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 21,923,758	\$ 21,923,758
Investment Earnings	-	-	30,027	30,027
Other	-	-	1,063	1,063
Total Revenues	-	-	21,954,848	21,954,848
Expenditures				
Current				
Instruction	23,386,005	25,276,970	21,612,298	3,664,672
Support Services				
Students	3,004	3,247	2,776	471
Instructional Staff	165,267	178,630	152,732	25,898
Total Expenditures	23,554,275	25,458,847	21,767,806	3,691,041
Net Change in Fund Balance	(23,554,275)	(25,458,847)	187,042	25,645,889
Fund Balance				
Beginning of Year	-	-	3,149,121	3,149,121
End of Year	\$ (23,554,275)	\$ (25,458,847)	\$ 3,336,163	\$ 28,795,010

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INSTRUCTIONAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Original		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,849,521	\$ 1,849,521
Investment Earnings	-	-	2,943	2,943
Total Revenues	-	-	1,852,464	1,852,464
Expenditures				
Current				
Instruction	1,900,000	1,900,000	1,743,240	156,760
Net Change in Fund Balance	(1,900,000)	(1,900,000)	109,224	2,009,224
Fund Balance				
Beginning of Year	-	-	4,721	4,721
End of Year	<u>\$ (1,900,000)</u>	<u>\$ (1,900,000)</u>	<u>\$ 113,945</u>	<u>\$ 2,013,945</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 16,570,430	\$ 16,570,430
Food Service Sales	-	-	263,017	263,017
Investment Earnings	-	-	874	874
Miscellaneous	-	-	383	383
Total Revenues	-	-	16,834,704	16,834,704
Expenditures				
Current				
Support Services				
Business and Other Support Services	1,075	1,089	803	286
Operation of Noninstructional Services	20,073,244	20,331,406	14,990,083	5,341,323
Debt Service				
Principal Retirement	150,487	152,422	112,379	40,043
Interest on Long-term Debt	16,847	17,064	12,581	4,483
Total Expenditures	20,241,653	20,501,980	15,115,846	5,386,135
Excess (Deficiency) of Revenues Over Expenditures	(20,241,653)	(20,501,980)	1,718,858	22,220,838
Other Financing Sources (Uses)				
Transfers Out	-	-	(1,000,000)	(1,000,000)
Net Change in Fund Balance	(20,241,653)	(20,501,980)	718,858	21,220,838
Fund Balance				
Beginning of Year	-	-	3,896,236	3,896,236
Increase in Nonspendable for Inventories	-	-	453,985	453,985
End of Year	\$ (20,241,653)	\$ (20,501,980)	\$ 5,069,079	\$ 25,571,059

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OTHER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 281,582	\$ 281,582
Tuition	-	-	4,760,697	4,760,697
Contributions and Donations	-	-	1,699,356	1,699,356
Charges for Services	-	-	2,202,417	2,202,417
Investment Earnings	-	-	33,843	33,843
Miscellaneous	-	-	257,706	257,706
Total Revenues	-	-	9,235,601	9,235,601
Expenditures				
Current				
Instruction	10,450,243	9,453,453	3,762,324	5,691,129
Support Services				
Students	287,829	260,375	103,625	156,750
Instructional Staff	1,388,213	1,255,799	499,788	756,011
General Administration	930,622	841,855	335,045	506,810
School Administration	183,636	166,120	66,113	100,007
Business and Other Support Services	406,144	367,404	146,221	221,183
Operations and Maintenance of Plant	913,240	826,131	328,787	497,344
Student Transportation	262,489	237,452	94,502	142,950
Operation of Noninstructional Services	9,022,627	8,162,010	3,248,350	4,913,660
Facilities Acquisition	782,837	708,167	281,839	426,328
Total Expenditures	24,627,879	22,278,765	8,866,594	13,412,171
Net Change in Fund Balance	(24,627,879)	(22,278,765)	369,007	22,647,772
Other Financing Sources (Uses)				
Transfers Out	-	-	1	1
Net Change in Fund Balance	(24,627,879)	(22,278,765)	369,008	22,647,773
Fund Balance				
Beginning of Year	-	-	12,296,582	12,296,582
End of Year	<u>\$ (24,627,879)</u>	<u>\$ (22,278,765)</u>	<u>\$ 12,665,590</u>	<u>\$ 34,944,355</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STUDENT ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Earnings	\$ -	\$ -	\$ 2,406	\$ 2,406
Miscellaneous	-	-	359,739	359,739
Total Revenues	<u>-</u>	<u>-</u>	<u>362,145</u>	<u>362,145</u>
Expenditures				
Current				
Operation of Noninstructional Services	2,979,378	2,979,378	393,691	2,585,687
Total Expenditures	<u>2,979,378</u>	<u>2,979,378</u>	<u>393,691</u>	<u>2,585,687</u>
Net Change in Fund Balance	(2,979,378)	(2,979,378)	(31,546)	2,947,832
Other Financing Sources (Uses)				
Transfers In	-	-	34,668	34,668
Transfers Out	-	-	(34,668)	(34,668)
Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,979,378)	(2,979,378)	(31,546)	2,947,832
Fund Balance				
Beginning of Year	-	-	1,793,202	1,793,202
End of Year	<u>\$ (2,979,378)</u>	<u>\$ (2,979,378)</u>	<u>\$ 1,761,656</u>	<u>\$ 4,741,034</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
UNRESTRICTED CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary	
			Basis	Final Budget
Revenues				
Property Taxes	\$ -	\$ -	\$ 9,832,579	\$ 9,832,579
Intergovernmental	-	-	7,997,450	7,997,450
Investment Earnings	-	-	17,634	17,634
Other	-	-	26,679	26,679
Total Revenues	-	-	17,874,342	17,874,342
Expenditures				
Current				
Instruction	11,225,205	13,683,846	8,274,581	5,409,265
Support Services				
Students	930,678	1,134,524	686,043	448,481
Instructional Staff	1,188,607	1,448,945	876,173	572,772
General Administration	48,649	59,304	35,861	23,443
School Administration	30,620	37,326	22,571	14,755
Business and Other Support Services	3,696,511	4,506,153	2,724,857	1,781,296
Operations and Maintenance of Plant	1,179,675	1,438,057	869,589	568,468
Student Transportation	593,626	723,647	437,587	286,060
Operation of Noninstructional Services	20,711	25,247	15,267	5,444
Debt Service				
Principal Retirement	853,962	1,041,004	629,492	411,512
Interest on Long-term Debt	44,632	54,407	32,900	21,507
Facilities Acquisition	956,831	1,166,404	705,321	461,083
Total Expenditures	20,769,703	25,318,866	15,310,242	10,004,087
Net Change in Fund Balance	(20,769,703)	(25,318,866)	2,564,100	27,882,966
Fund Balance				
Beginning of Year	-	-	3,004,887	3,004,887
End of Year	\$ (20,769,703)	\$ (25,318,866)	\$ 5,568,987	\$ 30,887,853

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ADJACENT WAYS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ -	\$ -	\$ 985,463	\$ 985,463
Investment Earnings	-	-	4,159	4,159
Total Revenues	-	-	989,622	989,622
Expenditures				
Facilities Acquisition	1,000,000	1,000,000	48,126	951,874
Net Change in Fund Balance	(1,000,000)	(1,000,000)	941,496	1,941,496
Fund Balance				
Beginning of Year	-	-	236,208	236,208
End of Year	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ 1,177,704</u>	<u>\$ 2,177,704</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING RENEWAL GRANT FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 10,241,412	\$ 10,241,412
Expenditures				
Current				
Support Services:				
Operations and Maintenance of Plant	153,158	1,445,274	784,276	660,998
Facilities Acquisition	1,846,842	17,427,731	9,457,136	7,970,595
Total Expenditures	<u>2,000,000</u>	<u>18,873,005</u>	<u>10,241,412</u>	<u>8,631,593</u>
Net Change in Fund Balance	(2,000,000)	(18,873,005)	-	18,873,005
Fund Balance				
Beginning of Year	-	-	-	-
End of Year	<u>\$ (2,000,000)</u>	<u>\$ (18,873,005)</u>	<u>\$ -</u>	<u>\$ 18,873,005</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ENERGY & WATER SAVINGS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 830,978	\$ 830,978
Investment Earnings	-	-	3,117	3,117
Total Revenues	<u>-</u>	<u>-</u>	<u>834,095</u>	<u>834,095</u>
Expenditures				
Current				
Support Services				
Operations and Maintenance of Plant	58,412	59,675	59,668	7
Debt Service				
Principal Retirement	1,853,094	1,893,173	1,892,951	222
Interest on Long-term Debt	862,653	881,310	881,207	103
Total Expenditures	<u>2,774,158</u>	<u>2,834,158</u>	<u>2,833,826</u>	<u>332</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,774,158)	(2,834,158)	(1,999,731)	834,427
Other Financing Sources (Uses)				
Transfers In	<u>-</u>	<u>-</u>	<u>2,928,954</u>	<u>2,928,954</u>
Net Change in Fund Balance	(2,774,158)	(2,834,158)	929,223	3,763,381
Fund Balance				
Beginning of Year	<u>-</u>	<u>-</u>	<u>1,221,392</u>	<u>1,221,392</u>
End of Year	<u>\$ (2,774,158)</u>	<u>\$ (2,834,158)</u>	<u>\$ 2,150,615</u>	<u>\$ 4,984,773</u>

INTERNAL SERVICE FUNDS

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2021**

	Employee Benefit Trust	Workers' Compensation Trust	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 18,511,907	\$ 6,378,558	\$ 24,890,465
Other Receivable	21,835	62,404	84,239
Total Assets	<u>18,533,742</u>	<u>6,440,962</u>	<u>24,974,704</u>
LIABILITIES			
Current Liabilities			
Claims Payable	<u>544,830</u>	<u>235,000</u>	<u>779,830</u>
Noncurrent Liabilities			
Claims Payable	<u>3,930,900</u>	<u>1,483,831</u>	<u>5,414,731</u>
Total Liabilities	<u>4,475,730</u>	<u>1,718,831</u>	<u>6,194,561</u>
NET POSITION			
Unrestricted	<u>14,058,012</u>	<u>4,722,131</u>	<u>18,780,143</u>
Total Net Position	<u>\$ 14,058,012</u>	<u>\$ 4,722,131</u>	<u>\$ 18,780,143</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2021

	Employee Benefit Trust	Workers' Compensation Trust	Totals
OPERATING REVENUES			
Contributions	\$ 22,276,402	\$ 2,246,884	\$ 24,523,286
Miscellaneous	3,755,469	344,186	4,099,655
Total Operating Revenues	<u>26,031,871</u>	<u>2,591,070</u>	<u>28,622,941</u>
OPERATING EXPENSES			
Claims	28,639,398	205,657	28,845,055
Premiums	577,205	1,764,912	2,342,117
Administrative Fees	1,412,109	75,566	1,487,675
Other	345,339	2,450	347,789
Total Operating Expenses	<u>30,974,051</u>	<u>2,048,585</u>	<u>33,022,636</u>
Operating Income (Loss)	(4,942,180)	542,485	(4,399,695)
NONOPERATING REVENUES			
Investment Earnings	101,086	56,099	157,185
Change in Net Position	<u>(4,841,094)</u>	<u>598,584</u>	<u>(4,242,510)</u>
Total Net Position - Beginning of Year	<u>18,899,106</u>	<u>4,123,547</u>	<u>23,022,653</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 14,058,012</u></u>	<u><u>\$ 4,722,131</u></u>	<u><u>\$ 18,780,143</u></u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2021**

	Employee Benefit Trust	Workers' Compensation Trust	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 24,155,783	\$ 2,531,809	\$ 26,687,592
Cash Received from Other Sources	3,755,469	344,186	4,099,655
Payments to Suppliers	(1,643,101)	(18,974)	(1,662,075)
Payments to Employees	(114,347)	(59,042)	(173,389)
Payments for Claims and Premiums	(29,088,520)	(2,314,755)	(31,403,275)
Net Cash Provided (Used) by Operating Activities	<u>(2,934,716)</u>	<u>483,224</u>	<u>(2,451,492)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	101,086	56,099	157,185
NET CHANGE IN CASH AND CASH EQUIVALENTS			
	(2,833,630)	539,323	(2,294,307)
Cash and Cash Equivalents - Beginning of the Year	<u>21,345,537</u>	<u>5,839,235</u>	<u>27,184,772</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
	<u>\$ 18,511,907</u>	<u>\$ 6,378,558</u>	<u>\$ 24,890,465</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (4,942,180)	\$ 542,485	\$ (4,399,695)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities			
Effect of Changes in Assets/Liabilities:			
Other Receivable	1,879,381	284,925	2,164,306
Claims Payable	128,083	(344,186)	(216,103)
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,934,716)</u>	<u>\$ 483,224</u>	<u>\$ (2,451,492)</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
NET POSITION					
Net Investment in Capital Assets	\$ 431,989,628	\$ 476,660,935	\$ 478,308,459	\$ 474,298,602	\$ 480,205,341
Restricted	49,820,194	41,374,730	41,215,782	46,305,323	39,771,519
Unrestricted	<u>(239,610,013)</u>	<u>(316,557,834)</u>	<u>(316,693,248)</u>	<u>(332,374,038)</u>	<u>(341,600,591)</u>
Total Net Position	<u>\$ 242,199,809</u>	<u>\$ 201,477,831</u>	<u>\$ 202,830,993</u>	<u>\$ 188,229,887</u>	<u>\$ 178,376,269</u>
	2016	2015	2014	2013	2012
NET POSITION					
Net Investment in Capital Assets	\$ 485,420,031	\$ 483,557,940	\$ 478,823,950	\$ 478,208,141	\$ 453,090,065
Restricted	47,868,859	51,883,159	36,973,962	38,076,040	50,858,186
Unrestricted	<u>(369,873,406)</u>	<u>(401,875,725)</u>	<u>57,072,295</u>	<u>39,993,726</u>	<u>48,723,218</u>
Total Net Position	<u>\$ 163,415,484</u>	<u>\$ 133,565,374</u>	<u>\$ 572,870,207</u>	<u>\$ 556,277,907</u>	<u>\$ 552,671,469</u>

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

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

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

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
EXPENSES					
Instruction	\$ 254,769,001	\$ 259,941,068	\$ 234,491,292	\$ 225,916,641	\$ 219,854,828
Support Services - Students and Staff	74,676,328	73,940,845	69,279,661	68,096,204	61,436,186
Support Services - Administration	42,869,234	40,814,157	39,072,525	43,684,486	44,826,243
Operation and Maintenance of Plant Services	58,478,061	55,813,248	49,976,936	50,176,140	49,036,681
Student Transportation Services	16,874,014	22,620,379	28,768,667	23,294,896	23,769,388
Operation of Noninstructional Services	18,770,717	23,647,029	22,126,862	25,053,753	25,771,350
Interest on Long-Term Debt	4,657,824	6,518,805	9,043,397	9,248,357	8,400,732
Total Expenses	<u>471,095,179</u>	<u>483,295,531</u>	<u>452,759,340</u>	<u>445,470,477</u>	<u>433,095,408</u>
PROGRAM REVENUES					
Charges for Services:					
Instruction	5,983,899	8,029,659	10,251,006	7,807,589	8,329,005
Operation of Noninstructional Services	1,209,193	4,079,437	4,210,819	4,080,884	4,314,144
Other Activities	3,281,587	2,239,943	2,615,677	2,813,622	1,251,279
Operating Grants and Contributions	134,520,989	100,282,568	99,743,644	96,245,664	67,852,542
Capital Grants and Contributions	10,241,412	1,523,251	4,049,746	3,936,577	4,434,548
Total Program Revenues	<u>155,237,080</u>	<u>116,154,858</u>	<u>120,870,892</u>	<u>114,884,336</u>	<u>86,181,518</u>
NET (EXPENSE) REVENUE	<u><u>\$ (315,858,099)</u></u>	<u><u>\$ (367,140,673)</u></u>	<u><u>\$ (331,888,448)</u></u>	<u><u>\$ (330,586,141)</u></u>	<u><u>\$ (346,913,890)</u></u>

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

	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
EXPENSES					
Instruction	\$ 206,973,703	\$ 203,639,013	\$ 213,899,377	\$ 224,302,136	\$ 237,543,995
Support Services - Students and Staff	60,250,541	58,847,288	64,945,835	69,035,667	72,454,063
Support Services - Administration	41,637,711	42,670,490	42,732,507	44,610,584	43,723,616
Operation and Maintenance of Plant Services	49,688,066	51,097,685	49,866,704	55,716,491	56,498,727
Student Transportation Services	24,277,391	24,594,918	25,895,104	26,338,473	26,634,890
Operation of Noninstructional Services	24,028,856	24,786,616	22,647,923	21,534,017	21,981,761
Interest on Long-Term Debt	10,932,855	11,501,715	11,640,250	13,064,629	13,936,906
Total Expenses	<u>417,789,123</u>	<u>417,137,725</u>	<u>431,627,700</u>	<u>454,601,997</u>	<u>472,773,958</u>
PROGRAM REVENUES					
Charges for Services:					
Instruction	8,055,467	7,212,949	5,875,912	5,706,176	6,384,061
Operation of Noninstructional Services	2,776,552	3,436,318	3,395,327	3,110,765	2,739,728
Other Activities	1,129,835	1,342,188	1,023,287	604,562	696,167
Operating Grants and Contributions	64,212,609	62,655,672	64,756,379	70,030,026	83,827,648
Capital Grants and Contributions	2,441,185	4,430,655	6,645,889	3,735,347	4,669,887
Total Program Revenues	<u>78,615,648</u>	<u>79,077,782</u>	<u>81,696,794</u>	<u>83,186,876</u>	<u>98,317,491</u>
NET (EXPENSE) REVENUE	<u>\$ (339,173,475)</u>	<u>\$ (338,059,943)</u>	<u>\$ (349,930,906)</u>	<u>\$ (371,415,121)</u>	<u>\$ (374,456,467)</u>

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

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
NET (EXPENSE) REVENUE	\$ (315,858,099)	\$ (367,140,673)	\$ (331,888,448)	\$ (330,586,141)	\$ (346,913,890)
GENERAL REVENUE					
Taxes:					
Property Taxes, Levied for General Purposes	164,213,485	163,899,217	160,770,544	153,807,195	157,829,310
Property Taxes, Levied for Debt Service	17,192,483	17,359,733	17,187,375	17,387,891	22,861,124
Property Taxes, Levied for Capital Outlay	10,818,042	4,725,459	2,868,779	6,742,815	-
Investment Income	888,750	2,523,367	4,013,361	1,601,949	620,166
Unrestricted County Aid	12,830,248	12,538,508	12,775,192	12,452,655	12,876,806
Unrestricted State Aid	143,617,159	159,407,085	142,760,977	143,249,793	163,180,636
Unrestricted Federal Aid	5,240,801	4,605,900	4,867,479	3,637,985	4,506,633
Proceeds from Sale of Capital Assets	(1,456,286)	61,408	302,331	717,066	-
Other	1,441,938	666,834	943,516	842,410	-
Total General Revenue	<u>354,786,620</u>	<u>365,787,511</u>	<u>346,489,554</u>	<u>340,439,759</u>	<u>361,874,675</u>
CHANGE IN NET POSITION	<u>\$ 38,928,521</u>	<u>\$ (1,353,162)</u>	<u>\$ 14,601,106</u>	<u>\$ 9,853,618</u>	<u>\$ 14,960,785</u>

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

	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
NET (EXPENSE) REVENUE	\$ (339,173,475)	\$ (338,059,943)	\$ (349,930,906)	\$ (371,415,121)	\$ (374,456,467)
GENERAL REVENUE					
Taxes:					
Property Taxes, Levied for General Purposes	141,731,194	142,745,273	151,093,018	164,258,242	155,769,383
Property Taxes, Levied for Debt Service	24,614,671	21,151,962	42,704,992	39,875,831	50,749,259
Property Taxes, Levied for Capital Outlay	13,925,324	18,421,667	2,782,396	6,463,393	2,156,401
Investment Income	557,570	530,244	352,847	740,367	675,595
Unrestricted County Aid	13,151,610	13,033,210	14,097,314	14,372,495	13,918,868
Unrestricted State Aid	171,211,671	164,102,726	152,463,686	146,611,426	158,195,164
Unrestricted Federal Aid	3,831,545	2,158,284	3,028,953	2,699,805	1,121,701
Proceeds from Sale of Capital Assets	-	-	-	-	-
Other	-	-	-	-	-
Total General Revenue	<u>369,023,585</u>	<u>362,143,366</u>	<u>366,523,206</u>	<u>375,021,559</u>	<u>382,586,371</u>
CHANGE IN NET POSITION	<u>\$ 29,850,110</u>	<u>\$ 24,083,423</u>	<u>\$ 16,592,300</u>	<u>\$ 3,606,438</u>	<u>\$ 8,129,904</u>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Nonspendable	\$ 3,041,773	\$ 1,268,988	\$ 1,217,547	\$ 1,357,985	\$ 1,762,249
Restricted	3,309,506	5,406,127	9,227,912	10,490,744	-
Unassigned	45,167,173	25,880,765	10,707,882	18,160,003	23,310,670
Total General Fund	<u>\$ 51,518,452</u>	<u>\$ 32,555,880</u>	<u>\$ 21,153,341</u>	<u>\$ 30,008,732</u>	<u>\$ 25,072,919</u>
All Other Governmental Funds					
Nonspendable	\$ 1,970,100	\$ 1,516,115	\$ 953,075	\$ 1,004,339	\$ 485,008
Restricted	46,358,474	30,859,024	83,167,094	86,101,759	37,499,375
Committed	-	-	-	-	4,925,981
Unassigned	-	(4,747,643)	-	-	(167,967)
Total All Other Governmental Funds	<u>\$ 48,328,574</u>	<u>\$ 27,627,496</u>	<u>\$ 84,120,169</u>	<u>\$ 87,106,098</u>	<u>\$ 42,742,397</u>

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

Fiscal Year				
2016	2015	2014	2013	2012
\$ 1,532,880	\$ 1,568,190	\$ 1,401,642	\$ 1,354,618	\$ 1,696,474
-	-	-	-	-
30,871,023	27,952,038	30,539,900	31,111,961	44,949,267
<u>\$ 32,403,903</u>	<u>\$ 29,520,228</u>	<u>\$ 31,941,542</u>	<u>\$ 32,466,579</u>	<u>\$ 46,645,741</u>
\$ 643,318	\$ 777,502	\$ 928,999	\$ 1,203,182	\$ 1,192,659
44,700,979	47,643,989	33,487,783	47,338,139	91,678,314
2,419,323	1,039,083	910,868	747,383	697,442
(201,445)	(23,760)	(2,825,169)	(32,372)	(112)
<u>\$ 47,562,175</u>	<u>\$ 49,436,814</u>	<u>\$ 32,502,481</u>	<u>\$ 49,256,332</u>	<u>\$ 93,568,303</u>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
Federal Sources					
Federal Grants	\$ 94,665,127	\$ 58,524,285	\$ 55,232,554	\$ 51,122,305	\$ 48,067,680
Education Jobs	-	-	-	-	-
Impact Aid	1,134,933	674,968	1,462,306	559,516	1,273,114
National School Lunch Program	16,570,430	16,110,531	17,348,341	17,115,645	19,377,148
Interest Subsidy	830,978	908,930	1,019,837	1,134,580	2,973,687
Total Federal Sources	<u>113,201,468</u>	<u>76,218,714</u>	<u>75,063,038</u>	<u>69,932,046</u>	<u>71,691,629</u>
State Sources					
State Equalization Assistance	143,617,159	159,407,085	142,760,977	143,249,793	142,748,905
State Grants	274,719	567,225	661,026	3,038,640	480,624
School Facilities Board	10,241,412	1,523,251	4,049,746	3,936,577	730,985
Other Revenues	23,917,792	24,553,701	24,653,833	23,251,337	21,038,252
Total State Sources	<u>178,051,082</u>	<u>186,051,262</u>	<u>172,125,582</u>	<u>173,476,347</u>	<u>164,998,766</u>
Local Sources					
Property Taxes	189,810,031	184,383,619	180,195,987	177,301,481	180,359,530
County Aid	12,830,248	12,538,508	12,775,192	12,452,655	12,876,806
Food Service Sales	263,017	2,604,869	2,844,784	2,638,612	2,415,246
Investment Income	731,565	1,952,441	3,525,260	1,529,259	391,230
Other Revenues	14,478,412	15,974,832	19,084,460	16,567,519	16,365,205
Total Local Sources	<u>218,113,273</u>	<u>217,454,269</u>	<u>218,425,683</u>	<u>210,489,526</u>	<u>212,408,017</u>
Total Revenues	<u>509,365,823</u>	<u>479,724,245</u>	<u>465,614,303</u>	<u>453,897,919</u>	<u>449,098,412</u>
Expenditures					
Current					
Instruction	232,695,799	231,263,517	224,894,362	215,541,714	206,083,290
Support Services					
Students and Staff	74,004,718	72,651,487	73,853,829	71,953,557	65,080,307
Administration	42,004,995	40,842,176	40,659,752	44,276,474	46,887,015
Operation and Maintenance of Plant	57,515,458	54,251,356	50,731,964	51,464,117	50,490,660
Student Transportation	15,040,237	20,607,466	27,760,076	25,395,575	22,374,249
Operation of Noninstructional Services	19,612,023	23,372,477	26,324,824	26,160,227	26,422,667
Debt Service					
Principal Retirement	14,074,822	62,381,585	13,849,839	17,412,074	21,157,816
Interest on Long-Term Debt	6,089,838	13,402,011	10,475,411	9,967,726	9,258,936
Issuance Costs	-	-	-	425,740	-
Capital Outlay	13,420,256	6,718,193	9,582,324	7,895,688	16,552,132
Total Expenditures	<u>474,458,146</u>	<u>525,490,268</u>	<u>478,132,381</u>	<u>470,492,892</u>	<u>464,307,072</u>
Other Financing Sources (Uses)					
Issuance of Refunding Debt	-	-	-	48,520,000	63,000,000
Payment to Refunded Debt Escrow Agent	-	-	-	-	(74,611,042)
Issuance of Capital Leases	-	-	566,129	3,149,507	-
Proceeds from Sale of Capital Assets	735,746	61,408	302,331	7,224,196	2,838,216
Premium on Sale of Bonds	-	-	-	6,885,717	12,203,632
Transfers In	5,578,049	4,829,262	2,606,530	5,843,892	15,471,949
Transfers Out	(5,578,049)	(4,829,262)	(2,606,530)	(5,843,892)	(15,471,949)
Total Other Financing Sources (Uses)	<u>735,746</u>	<u>61,408</u>	<u>868,460</u>	<u>65,779,420</u>	<u>3,430,806</u>
Net Change in Fund Balance	<u>\$ 35,643,423</u>	<u>\$ (45,704,615)</u>	<u>\$ (11,649,618)</u>	<u>\$ 49,184,447</u>	<u>\$ (11,777,854)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.39%	14.65%	5.25%	5.82%	6.55%

Source: District's financial records

Fiscal Year

	2016	2015	2014	2013	2012
\$	44,769,017	\$ 42,860,201	\$ 49,697,352	\$ 51,441,832	\$ 60,941,360
	-	-	-	-	4,322,415
	966,667	728,590	676,045	1,206,125	1,121,701
	17,705,168	18,181,402	18,011,161	17,567,092	17,017,815
	1,853,469	2,365,903	1,257,444	1,296,061	1,355,003
	<u>65,294,321</u>	<u>64,136,096</u>	<u>69,642,002</u>	<u>71,511,110</u>	<u>84,758,294</u>
	147,561,816	143,771,604	132,185,366	128,594,364	142,586,526
	796,650	548,195	997,741	1,838,710	1,004,308
	523,629	726,400	-	-	-
	23,043,329	20,331,122	20,277,532	17,285,416	15,835,725
	<u>171,925,424</u>	<u>165,377,321</u>	<u>153,460,639</u>	<u>147,718,490</u>	<u>159,426,559</u>
	179,330,981	184,034,798	195,388,011	209,545,368	210,099,111
	13,151,610	13,033,210	14,097,314	14,372,495	13,918,868
	1,400,598	1,909,739	2,003,028	2,200,959	2,122,437
	280,587	164,796	187,195	421,413	461,420
	15,182,965	14,242,254	12,882,717	11,731,552	12,108,138
	209,346,741	213,384,797	224,558,265	238,271,787	238,709,974
	<u>446,566,486</u>	<u>442,898,214</u>	<u>447,660,906</u>	<u>457,501,387</u>	<u>482,894,827</u>
	184,171,606	179,021,232	182,170,194	200,508,623	207,817,232
	62,254,885	59,835,214	62,928,162	68,401,474	70,581,454
	42,556,971	42,079,368	40,912,970	42,935,792	41,370,788
	49,925,794	51,388,778	49,228,361	55,277,056	55,159,807
	22,123,760	22,151,830	22,626,196	23,676,242	23,454,160
	24,575,643	24,817,964	22,569,839	21,348,952	21,642,746
	23,785,413	22,786,648	47,239,231	40,583,291	40,909,199
	11,071,732	11,740,160	11,720,671	13,086,907	13,959,184
	-	-	-	-	441,705
	26,349,041	46,900,850	45,330,412	57,417,569	56,698,083
	<u>446,814,845</u>	<u>460,722,044</u>	<u>484,726,036</u>	<u>523,235,906</u>	<u>532,034,358</u>
	-	-	-	-	51,000,000
	-	-	-	-	(54,314,359)
	-	32,321,798	19,425,678	3,273,496	11,525,165
	1,426,879	-	-	48,617	101,083
	-	-	-	-	3,738,599
	5,167,740	1,752,693	6,777,058	3,273,496	1,904,315
	(5,167,740)	(1,752,693)	(6,777,058)	(3,273,496)	(1,904,315)
	<u>1,426,879</u>	<u>32,321,798</u>	<u>19,425,678</u>	<u>3,322,113</u>	<u>12,050,488</u>
\$	<u>1,178,520</u>	<u>\$ 14,497,968</u>	<u>\$ (17,639,452)</u>	<u>\$ (62,412,406)</u>	<u>\$ (37,089,043)</u>

7.80%	7.49%	12.16%	10.26%	10.31%
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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

NET LIMITED ASSESSED VALUE BY PROPERTY CLASS

Fiscal Year	Mines, Utilities and Commercial	Agriculture and Vacant	Primary Residential Property	Lease or Rented Residential	Railroad and Airlines	Historical Property	Government Property Improvements	Total
2020-21	\$ 1,051,163,056	\$ 74,552,769	\$ 1,619,604,668	\$ 780,660,310	\$ 2,393,548	\$ 41,124,635	\$ -	\$ 3,569,498,986
2019-20	1,036,683,865	80,471,664	1,562,355,446	707,399,543	2,526,672	38,655,938	-	3,428,093,128
2018-19	1,019,483,813	85,907,224	1,471,227,593	688,786,655	2,560,348	36,914,026	4,278	3,304,883,937
2017-18	1,034,126,227	77,546,462	1,390,537,836	675,985,879	2,685,155	34,881,981	4,197	3,215,767,737
2016-17	965,433,532	94,872,106	1,328,794,436	656,086,204	2,528,033	33,455,272	-	3,081,169,583
2015-16	976,879,689	105,330,798	1,268,030,829	641,672,375	2,699,156	30,975,434	6,464	3,025,594,745
2014-15	1,010,697,174	111,852,863	1,251,339,919	594,632,374	2,663,090	30,462,610	6,156	3,001,654,186
2013-14	1,019,451,977	114,927,549	1,336,979,464	499,869,993	2,363,569	28,785,354	19,506	3,002,397,412
2012-13	1,081,215,033	118,498,381	1,477,013,301	507,897,672	2,303,761	28,965,566	20,701	3,215,914,415
2011-12	1,074,335,352	112,720,592	1,636,106,002	478,805,500	2,023,840	29,071,310	78,131	3,333,140,727

FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS

Fiscal Year	Mines, Utilities and Commercial	Agriculture and Vacant	Primary Residential Property	Lease or Rented Residential	Railroad and Airlines	Historical Property	Certain Government Property Improvements	Total
2020-21	\$ 1,170,540,895	\$ 90,662,790	\$ 1,822,449,820	\$ 952,165,569	\$ 3,027,988	\$ 47,056,262	\$ -	\$ 4,085,903,324
2019-20	1,137,974,223	91,497,804	1,740,617,423	858,092,105	3,120,706	43,957,798	-	3,875,260,059
2018-19	1,136,096,565	96,559,030	1,566,819,236	817,052,172	3,085,228	39,352,702	4,278	3,658,969,211
2017-18	1,090,605,695	81,395,327	1,461,545,958	758,174,083	3,127,378	36,589,056	4,213	3,431,441,710
2016-17	1,006,656,328	97,700,856	1,429,214,902	717,687,648	2,705,166	35,707,258	-	3,289,672,158
2015-16	1,012,574,440	108,813,131	1,318,079,541	672,444,407	2,750,284	31,954,759	9,746	3,146,626,308
2014-15	1,025,364,280	114,157,316	1,254,450,188	601,425,570	2,688,000	30,607,284	6,156	3,028,698,794
2013-14	1,036,430,609	119,316,810	1,337,932,939	503,614,469	2,385,858	29,656,219	19,506	3,029,356,410
2012-13	1,114,174,075	126,790,265	1,478,192,168	512,387,222	2,347,426	30,404,234	21,389	3,264,316,779
2011-12	1,124,168,415	124,964,505	1,640,031,268	483,574,300	2,258,002	30,856,368	81,418	3,405,934,276

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

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

<u>Property Classification (a)</u>		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
01	Mining, Utilities, Commercial and Industrial	18%	18%	18%	18%	18%	19%	19%	20%	20%	20%
02.R/P	Agriculture and Vacant Land	15	15	15	15	15	16	16	16	16	16
03	Primary Residential Property	10	10	10	10	10	10	10	10	10	10
04	Leased or Rented Residential	10	10	10	10	10	10	10	10	10	10
05	Railroads, Private Rail Cars, and Airlines	15	15	15	15	14	15	16	15	15	15

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

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

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

Fiscal Year	Overlapping Rates									District Direct Rates		
	State Equalization	Total County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Tucson	City of South Tucson	Primary	Secondary	Total
2012	0.00	4.20	0.35	0.26	1.11	0.04	0.10	1.16	2.66	5.47	1.48	6.95
2013	0.00	4.20	0.35	0.26	1.17	0.04	0.10	1.26	2.76	6.08	1.24	7.32
2014	0.51	4.45	0.38	0.26	1.29	0.05	0.14	1.43	2.98	6.01	1.43	7.44
2015	0.51	4.98	0.44	0.30	1.33	0.05	0.14	1.46	0.25	6.80	0.71	7.51
2016	0.51	5.09	0.52	0.31	1.37	0.05	0.14	1.60	0.25	6.52	0.82	7.34
2017	0.50	4.98	0.52	0.33	1.37	0.05	0.14	1.60	0.25	6.38	0.74	7.12
2018	0.49	4.46	0.51	0.31	1.39	0.05	0.14	1.43	0.25	6.38	0.55	6.92
2019	0.47	4.07	0.52	0.33	1.40	0.04	0.14	1.48	0.25	4.10	2.45	6.55
2020	0.46	4.00	0.54	0.33	1.38	0.04	0.14	1.38	0.24	3.96	2.37	6.33
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

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

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

Taxpayer	2021			2012		
	Taxable Assessed	Rank	Percentage of	Taxable Assessed	Rank	Percentage of
	Value		Taxable Assessed	Value		Taxable Assessed
Unisource Energy Corporation	\$ 80,421,516	1	1.97%	\$ 168,510,315	1	4.97%
Southwest Gas Corporation	42,229,260	2	1.03	64,532,727	2	1.90
SMSJ Holdings LLC	24,543,962	3	0.60			
Qwest Corporation (Century Link)	18,200,427	4	0.45	51,942,320	3	1.53
Wal-Mart Stores	11,675,726	5	0.29	15,581,000	5	0.46
TMC Holdings Inc	11,424,052	6	0.28			0.00
3800 WSPB Buyer LLC	11,178,205	7	0.27			
TKG El Con Shopping Center	8,879,745	8	0.22	7,974,682	8	
Cox Communications AZ LLC	8,493,101	9	0.21			0.00
Park Place (Park Mall) Shopping Center	7,269,474	10	0.18	14,757,568	7	0.44
Starr Pass Resort Development LLC	-			16,153,061	4	
Verizon Wireless	-			14,921,000	6	0.44
WC Partner Et Al (Williams Center)	-			7,567,984	9	0.22
Hub Properties Trust	-			6,054,387	10	0.18
Totals	<u>\$ 224,315,468</u>		3.54	<u>\$ 367,995,044</u>		5.22

Source: Pima County Assessors Records

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

Fiscal Year	Total Tax Levy (1)	Current Collections		Delinquent Tax Collections (1)	Total Collections	Collections as a Percentage of the Levy	Outstanding Tax Collections	Outstanding Collections as a Percentage of Levy
		Current Tax Collections (1)	Percent of Current Taxes Collected					
2012	\$ 208,831,937	\$ 199,284,574	95.43 %	\$ 9,165,364	\$ 208,449,938	99.82 %	\$ 381,999	0.18 %
2013	211,182,909	201,863,709	95.59	8,544,018	210,407,727	99.63	775,182	0.37
2014	196,991,408	188,246,693	95.56	8,040,104	196,286,797	99.64	704,611	0.36
2015	182,457,545	174,547,250	95.66	7,073,509	181,620,759	99.54	836,786	0.46
2016	180,517,207	172,697,266	95.67	7,098,624	179,795,890	99.64	721,317	0.40
2017	175,019,179	169,670,800	96.94	4,617,002	174,287,802	99.58	731,377	0.42
2018	171,842,883	166,761,271	97.04	-	166,761,271	97.04	5,081,612	2.96
2019	177,214,473	171,809,696	96.95	-	171,809,696	96.95	5,404,777	3.05
2020	179,957,364	176,017,356	97.81	2,784,471	178,801,827	99.36	1,155,537	0.64
2021	186,269,692	181,741,818	97.57	2,342,778	184,084,596	98.83	2,185,096	1.17

Source: County Treasurer & District records

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

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

Fiscal Year	Governmental Activities			Debt Per Capita	Percentage of Personal Income	Population
	General Obligation Bonds	Capital Leases	Total Primary Government			
2012	\$ 278,767,431	\$ 11,982,245	\$ 290,749,676	\$ 612	1.66 %	475,382
2013	242,508,469	14,555,055	257,063,524	538	1.45	478,102
2014	205,247,538	23,816,502	229,064,040	429	1.14	533,796
2015	190,064,802	47,666,652	237,731,454	447	1.17	531,481
2016	174,496,634	38,681,239	213,177,873	403	1.02	528,706
2017	163,266,104	30,873,423	194,139,527	364	0.90	533,023
2018	206,075,984	27,130,856	233,206,840	434	1.04	537,566
2019	192,863,242	24,697,146	217,560,388	400	0.91	543,305
2020	125,289,308	22,075,561	147,364,869	270	0.59	546,576
2021	113,407,758	19,440,739	132,848,497	242	0.53	549,016

Fiscal Year	Governmental Activities			Ratio of Net Bonded Debt to the Estimated Actual Value of Taxable Property	Population	Debt Per Capita
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total Primary Government			
2012	\$ 278,767,431	\$ (14,136,565)	\$ 264,630,866	0.81	475,382	\$ 557
2013	242,508,469	(16,538,166)	225,970,303	0.72	478,102	473
2014	205,247,538	(9,582,846)	195,664,692	0.65	533,796	367
2015	190,064,802	(5,384,563)	184,680,239	0.60	531,481	347
2016	174,496,634	(3,760,236)	170,736,398	0.53	528,706	323
2017	163,266,104	(6,258,790)	157,007,314	0.46	533,023	295
2018	206,075,984	(11,042,670)	195,033,314	0.56	537,566	363
2019	192,863,242	(9,002,551)	183,860,691	0.50	543,505	338
2020	125,289,308	(11,893,986)	113,395,322	0.29	546,576	207
2021	113,407,758	(14,211,048)	99,196,710	0.24	549,016	181

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

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Pima County	\$ 133,965,000	39.10 %	\$ 52,380,315
City of Tucson	139,940,000	95.91	<u>134,216,454</u>
Subtotal, Overlapping Debt			186,596,769
Tucson Unified School District No. 1	132,848,497		<u>132,848,497</u>
Total Direct and Overlapping Debt			<u><u>\$ 319,445,266</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		2.78%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$	582
As a Percentage of Net Limited Assessed Valuation		8.95%
As a Percentage of Gross Full Cash Value		0.77%

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

(1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2021

Net Full Cash Assessed Value \$ 4,085,903,324

Legal Debt Margin:

General Obligation Bonds

Debt Limitation - 30% of Assessed Value 1,225,770,997

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding \$ 100,605,000
Less: Assets in Debt Service Fund Available for Payment of Principal (9,692,346)

Total Amount of Debt Applicable to Debt Limit 90,912,654

Legal Debt Margin \$ 1,134,858,343

Class B General Obligation Bonds

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

20% of secondary net assessed valuation \$ 817,180,664
\$1,500 per student (ADM) (\$1,500 * 39,293) 58,939,500

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding \$ 100,605,000
Less: Assets in Debt Service Fund Available for Payment of Principal (9,692,346)

Total Amount of Debt Applicable to Debt Limit 90,912,654

Legal Debt Margin \$ 726,268,010

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2021	2020	2019	2018	2017
Class A and B Bonded Debt					
Debt Limit	\$ 1,225,770,997	\$ 1,162,578,018	\$ 1,097,690,763	\$ 1,029,432,513	\$ 986,901,647
Total Applicable to Limit	<u>90,912,654</u>	<u>107,009,008</u>	<u>113,798,957</u>	<u>124,823,499</u>	<u>148,185,000</u>
Legal Debt Margin	<u>\$ 1,134,858,343</u>	<u>\$ 1,055,569,010</u>	<u>\$ 983,891,806</u>	<u>\$ 904,609,014</u>	<u>\$ 838,716,647</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	7.42%	9.20%	10.37%	12.13%	15.02%

	Fiscal Year				
	2021	2020	2019	2018	2017
Class B Bonded Debt					
Debt Limit	\$ 817,180,664	\$ 775,052,011	\$ 731,793,842	\$ 686,288,342	\$ 657,934,432
Total Applicable to Limit	<u>90,912,654</u>	<u>107,009,008</u>	<u>113,798,957</u>	<u>124,823,499</u>	<u>148,185,000</u>
Legal Debt Margin	<u>\$ 726,268,010</u>	<u>\$ 668,043,003</u>	<u>\$ 617,994,885</u>	<u>\$ 561,464,843</u>	<u>\$ 509,749,432</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	11.13%	13.81%	15.55%	18.19%	22.52%

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

Fiscal Year

2016	2015	2014	2013	2012
\$ 943,987,892	\$ 908,609,638	\$ 908,806,923	\$ 979,295,034	\$ 1,021,780,283
<u>168,855,000</u>	<u>183,665,000</u>	<u>197,970,000</u>	<u>235,045,000</u>	<u>270,675,000</u>
<u>\$ 775,132,892</u>	<u>\$ 724,944,638</u>	<u>\$ 710,836,923</u>	<u>\$ 744,250,034</u>	<u>\$ 751,105,283</u>
17.89%	20.21%	21.78%	24.00%	26.49%

Fiscal Year

2016	2015	2014	2013	2012
\$ 629,325,262	\$ 605,739,759	\$ 302,935,641	\$ 326,431,678	\$ 340,593,428
<u>168,855,000</u>	<u>183,665,000</u>	<u>197,970,000</u>	<u>235,045,000</u>	<u>254,136,834</u>
<u>\$ 460,470,262</u>	<u>\$ 422,074,759</u>	<u>\$ 104,965,641</u>	<u>\$ 91,386,678</u>	<u>\$ 86,456,594</u>
26.83%	30.32%	65.35%	72.00%	74.62%

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

Fiscal Year	Estimated District Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	County Population
2012	475,382	\$ 17,478,170	\$ 36,767	7.40	990,380
2013	478,102	17,728,974	37,082	7.00	996,046
2014	533,796	20,153,303	37,755	6.40	1,007,162
2015	531,481	20,335,120	38,261	5.60	1,022,079
2016	528,706	20,986,836	39,695	5.00	1,016,743
2017	533,023	21,501,766	40,339	4.50	1,025,044
2018	537,566	22,475,960	41,811	4.30	1,033,781
2019	543,505	23,930,525	44,030	5.20	1,034,201
2020	546,576	24,845,159	45,456	8.00	1,044,675
2021	549,016	26,557,551	48,373	7.30	1,052,375

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" for 2012 through 2019 is the Arizona Office of Employment and Population

Statistics, aka Arizona Office of Economic Opportunity, for 2020 through 2021 US Bureau of Labor Statistics

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

Employer	2021		2012	
	Employees	Percentage of Total Employment - 494,119	Employees	Percentage of Total Employment 485,800
Raytheon	13,305	2.69 %	10,500	2.16 %
University of Arizona	12,517	2.53	10,681	2.20
Banner Healthcare-UMC	7,703	1.56		
Davis Monthan	7,648	1.55	8,566	1.76
Pima County Government	7,412	1.50	6,170	1.27
Tucson Unified School District	6,532	1.32	6,674	1.37
State of Arizona	4,817	0.97	9,061	1.87
Wal-Mart Stores	4,773	0.97	7,300	1.50
Tucson Medical Center	4,453	0.90		
City of Tucson	4,356	0.88	4,541	0.93
US Army, Fort Huachuca			6,198	1.28
Freeport McMoran Copper & Gold Inc			5,068	1.04
Total	73,516	14.88	64,259	15.39

Source: The source of this information is the Arizona Daily Star - Star 200 and Bureau of Labor Statistics.

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

Function	Full Time Equivalent Employees				
	2021	2020	2019	2018	2017
Instruction	3,294	3,452	3,449	3,312	3,163
Support Services - Students and Staff	977	981	924	890	834
Support Services - Administration	396	420	463	462	1,019
Operation and Maintenance of Plant Services	640	555	651	656	425
Student Transportation Services	333	467	388	396	351
Operation of Non-Instructional Services	272	306	295	310	174
Total	<u>5,912</u>	<u>6,181</u>	<u>6,170</u>	<u>6,026</u>	<u>5,966</u>

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

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

Full-Time Equivalent Employees

2016	2015	2014	2013	2012
3,050	3,194	3,169	3,443	3,546
676	762	655	684	616
987	902	913	992	1,013
412	396	391	475	517
321	312	321	375	369
198	185	189	181	194
<u>5,644</u>	<u>5,751</u>	<u>5,638</u>	<u>6,150</u>	<u>6,255</u>

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

<u>Fiscal Year</u>	<u>Enrollment (3)</u>	<u>Maintenance and Operating Expenditures (2)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (1)</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Free/Reduced Students</u>
2012	49,036	\$ 420,026,187	\$ 8,566	3.50 %	3,546	13.83	71.5 %
2013	48,342	412,148,139	8,526	(0.47)	3,443	14.04	72.0
2014	46,597	380,435,722	8,164	(4.24)	3,169	14.70	73.0
2015	45,802	379,294,386	8,281	1.43	3,194	14.34	74.9
2016	45,870	385,608,659	8,407	1.51	3,050	15.04	75.0
2017	44,560	417,338,188	9,366	11.41	3,163	14.09	71.0
2018	43,835	420,928,797	9,603	2.53	3,176	13.80	67.6
2019	42,484	432,714,635	10,185	6.07	2,842	14.95	63.9
2020	42,060	430,239,235	10,229	0.43	2,825	14.89	70.3
2021	39,293	442,543,184	11,263	10.10	2,742	14.33	52.9

Source: The District's Finance Department.

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

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

Schools	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary										
Buildings	489	490	490	490	493	519	519	519	519	596
Square Feet	2,393,676	2,447,043	2,447,043	2,447,043	2,557,066	2,750,819	2,750,849	2,750,849	2,750,849	3,617,427
Capacity	28,950	28,950	28,950	28,950	26,220	31,600	31,600	31,600	31,600	36,490
Enrollment	18,167	18,132	21,366	20,479	21,543	22,095	22,619	22,619	22,619	23,231
Middle										
Buildings	126	126	125	125	126	126	126	126	126	126
Square Feet	1,825,448	1,825,448	1,732,852	1,732,852	1,823,702	1,823,702	1,823,702	1,823,702	1,823,702	1,943,292
Capacity	17,125	17,125	17,125	17,125	20,850	20,850	20,850	20,850	20,850	20,850
Enrollment	9,209	9,495	10,023	10,004	10,067	10,152	12,816	12,816	12,816	13,448
High										
Buildings	119	119	118	118	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	14,143	13,760	14,166	14,088	14,253	14,214	14,404	14,404	14,404	14,647
Administrative										
Buildings	93	92	91	91	91	91	91	91	90	89
Square Feet	523,366	484,196	460,301	460,301	460,301	460,301	460,301	443,496	410,510	410,510
Other										
Buildings	104	104	104	104	104	92	93	94	94	28
Square Feet	506,841	506,841	506,841	506,841	506,841	559,201	428,082	453,143	453,143	113,288
Capacity	675	675	675	675	675	675	65	675	675	300
Enrollment	364	383	174	174	174	174	174	174	174	250
Transportation										
Garages	14	14	14	14	14	14	14	14	14	10
Buses	341	341	341	341	323	318	341	350	325	304
Athletics										
Multi-Purpose Fields	9	9	9	9	9	9	9	9	9	9
Football Fields	9	9	9	9	9	9	9	9	9	9
Running Tracks	9	9	9	9	9	9	9	9	9	9
Baseball/Softball Fields	36	36	36	36	36	36	36	36	36	36
Swimming Pools	2	2	2	2	2	2	2	2	2	2

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

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