

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: See “RATING” herein.

INSURANCE: See “BOND INSURANCE AND RELATED RISK FACTORS” herein.

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Further, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.

\$23,740,000*

**VAIL UNIFIED SCHOOL DISTRICT NO. 20
OF PIMA COUNTY, ARIZONA
REFUNDING BONDS, SERIES 2026**

Bonds Dated: Date of Initial Authentication and Delivery

Bonds Due: July 1, as shown on the inside front cover page

The Refunding Bonds, Series 2026 (the “Bonds”) of Vail Unified School District No. 20 of Pima County, Arizona (the “District”), will be issued in the form of fully-registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as the securities depository for the Bonds. Purchases will be made in book-entry form through DTC participants only in amounts of \$5,000 of principal due on a single maturity date or integral multiples thereof. Except as described herein, purchasers will not receive certificates representing their beneficial interests in the Bonds. The Bonds will mature on the dates and in the principal amounts and will bear interest as set forth on the inside front cover page from their initial date of delivery and will be payable semiannually on July 1 and January 1 of each year commencing July 1, 2026*, until maturity.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The District will initially utilize DTC’s “book-entry-only system,” although the District and DTC each reserve the right to discontinue the book-entry-only system at any time. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect, a single fully-registered Bond, for each maturity of the Bonds, will be registered in the name of Cede & Co., as nominee of DTC, on the registration books maintained by U.S. Bank Trust Company, National Association, the initial bond registrar and paying agent for the Bonds. DTC will be responsible for distributing the principal, premium, if any, and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the beneficial owners of the Bonds (the “Beneficial Owners”). So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein (except under the heading “TAX EXEMPTION”) to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX H - “BOOK-ENTRY-ONLY SYSTEM” herein.

The Bonds will not be subject to redemption prior to their stated maturity dates.

Principal of and interest on the Bonds will be payable from a continuing, direct, annual, *ad valorem* tax levied against all taxable property located within the boundaries of the District, as more fully described herein. The Bonds will be payable from such tax without limit as to rate but limited in amount so that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate will not exceed the total aggregate of principal of and interest due on the hereinafter defined Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. The application of such taxes to the payment of the hereinafter defined 2026A Bonds will be subject to the rights vested in the owners of the 2015 Bonds Being Refunded to the payment of the 2015 Bonds Being Refunded from the same source in the event of a deficiency in the securities to be purchased with the proceeds of the 2026A Bonds and held in trust to pay principal of and interest on the 2015 Bonds Being Refunded. The owners of the 2026A Bonds must rely on the sufficiency of the monies and securities held in trust for payment of the 2015 Bonds Being Refunded. The owners of the hereinafter defined 2016 Bonds Being Refunded must rely on the sufficiency of the monies and securities held in trust for the payment of the 2016 Bonds Being Refunded. After the deposit of the monies and securities to the trust for payment of the 2016 Bonds Being Refunded, all obligations of the District to levy a tax for the payment of the 2016 Bonds Being Refunded shall cease and terminate. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” and “PLAN OF REFUNDING” herein.

The Bonds will be offered when, as and if issued by the District and received by the underwriter identified below (the “Underwriter”), subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriter by its counsel Squire Patton Boggs (US) LLP, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April 2, 2026*.

This cover page contains certain information with respect to the Bonds for convenience of reference only. It is not a summary of the issue of which the Bonds are a part. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

* Subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$23,740,000*
VAIL UNIFIED SCHOOL DISTRICT NO. 20
OF PIMA COUNTY, ARIZONA
REFUNDING BONDS, SERIES 2026

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No. 721893
2026	\$ 210,000 (a)	%	%	
2027	4,155,000 (a)			
2028	2,000,000 (a)			
2029	1,210,000 (a)			
2030	1,770,000 (a)			
2031	2,915,000 (a)			
2032	2,860,000 (a)			
2033	3,015,000 (a)			
2034	3,180,000 (b)			
2035	1,245,000 (b)			
2036	1,180,000 (b)			

(a) Represents combined 2026A and 2026B Bond maturities.

(b) Represents 2026A Bond maturities.

* Subject to change.

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REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by Vail Unified School District No. 20 of Pima County, Arizona (the “District”) or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the District’s Refunding Bonds, Series 2026 (the “Bonds”) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the District, the Arizona Department of Revenue, the Assessor, Finance Department and Treasurer of Pima County, Arizona, and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

None of the District, the Underwriter, counsel to the Underwriter or Bond Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the District’s share of the unfunded liabilities of the Arizona State Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX G – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

\$23,740,000*
VAIL UNIFIED SCHOOL DISTRICT NO. 20
OF PIMA COUNTY, ARIZONA
REFUNDING BONDS, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been prepared at the direction of Vail Unified School District No. 20 of Pima County, Arizona (the “District”), in connection with the issuance of \$23,740,000* principal amount of bonds designated Refunding Bonds, Series 2026 (the “Bonds”). Certain information concerning the authorization, purpose, terms, conditions of sale and sources of payment of and security for the Bonds is stated in this Official Statement. See APPENDIX A – “THE DISTRICT – DISTRICT INFORMATION” and APPENDIX B – “THE DISTRICT – FINANCIAL INFORMATION” for certain information about the District.

Reference to provisions of State of Arizona (the “State” or “Arizona”) law, whether codified in the Arizona Revised Statutes, or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or beneficial owners of the Bonds.

THE BONDS

Authorization and Purpose

The Bonds will be issued, executed and delivered pursuant to the Arizona Constitution and the laws of the State, including particularly Title 35, Chapter 3, Article 4, Arizona Revised Statutes (the “Act”), and a resolution adopted by the Governing Board of the District (the “Governing Board”) on March 10, 2026 (the “Bond Resolution”).

Additional bonds of the District payable from the same source as the Bonds are outstanding and additional bonds of the District payable from the same source as the Bonds may be issued in the future pursuant to authority approved at elections for the District. See TABLE 1 and TABLE 13 in APPENDIX B – “THE DISTRICT – FINANCIAL INFORMATION – DIRECT AND OVERLAPPING BONDED INDEBTEDNESS” for information concerning the District’s currently outstanding bonds, which are payable from the same source as the Bonds.

2026A Bonds

Proceeds from the sale of \$15,430,000* aggregate principal amount of the Bonds comprised of all or a portion of the Bonds maturing in the years 2026 through and including 2036* (the “2026A Bonds”) will be used to (i) establish an irrevocable trust (the “2026A Trust”) of monies and obligations issued by the United States of America (the “Government Obligations”) which will pay, when due, principal of and interest on the hereinafter defined 2015 Bonds Being Refunded, and (ii) pay a portion of the costs of issuance of the Bonds.

2026B Bonds

Proceeds from the sale of \$8,355,000* aggregate principal amount of the Bonds comprised of all or a portion of the Bonds maturing in the years 2026 through and including 2033* (the “2026B Bonds”) will be used to (i) establish an

irrevocable trust (the “2026B Trust”) of monies and Government Obligations which will pay, when due, principal of and interest on the hereinafter defined 2016 Bonds Being Refunded, and (ii) pay a portion of the costs of issuance of the Bonds.

As to any portion of the 2026A Bonds and the 2026B Bonds maturing in the same year, the hereinafter defined Bond Registrar and Paying Agent will select, by lot in such manner as the Bond Registrar and Paying Agent may determine, which of such of the Bonds shall be the 2026A Bonds and the 2026B Bonds.

Terms of the Bonds – Generally

The Bonds will be dated the date of delivery, and will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), under the book-entry-only system described herein (the “Book-Entry-Only System”). See APPENDIX H – “BOOK-ENTRY-ONLY SYSTEM.” The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date at the rates set forth on the inside front cover page of this Official Statement. Beneficial ownership interests in the Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. Interest on the Bonds will be payable semiannually on each July 1 and January 1, commencing July 1, 2026* (each an “Interest Payment Date”), until maturity.

See “TAX EXEMPTION” herein for a discussion of the treatment of interest income on the Bonds for federal or State income tax purposes.

Bond Registrar and Paying Agent

U.S. Bank Trust Company, National Association will serve as the initial bond registrar, transfer agent and paying agent (the “Bond Registrar and Paying Agent”) for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

No Prior Redemption*

The Bonds will not be subject to redemption prior to their stated maturity.

Registration and Transfer When Book-Entry-Only System Has Been Discontinued

If the Book-Entry-Only System is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity and rate of interest as the surrendered Bond or Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent’s requirements for transfer are met. The District has chosen the fifteenth day of the month preceding an Interest Payment Date, or if such date is a Saturday, Sunday or legal holiday or equivalent (other than a moratorium) of the Bond Registrar and Paying Agent, the previous business day, as the “Record Date” for the Bonds. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds during the period from the Record Date to and including the respective Interest Payment Date. The transferor will be responsible for all transfer fees, taxes, fees and any other costs relating to the transfer of ownership of individual Bonds.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

For the purpose of paying the principal of and interest on the Bonds and costs of administration of the Bonds, the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The Bonds will be payable from such tax without limit as to rate but limited in amount so that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate will not exceed the total

aggregate of principal of and interest due on the hereinafter defined Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded.

The application of such taxes to the payment of the 2026A Bonds will be subject to the rights vested in the owners of the 2015 Bonds Being Refunded to the payment of the 2015 Bonds Being Refunded from the same source in the event of a deficiency in the monies and the Government Obligations held in the 2026A Trust to pay principal of and interest on the 2015 Bonds Being Refunded. The Act provides that for bonds issued to refund bonds that are issued before September 1, 2016, like the 2015 Bonds Being Refunded, the owners of such refunding bonds, like the 2026A Bonds, must rely on the sufficiency of the monies and securities held in trust for payment of such bonds being refunded. Therefore, the owners of the 2026A Bonds must rely on the sufficiency of the monies and the Government Obligations held in the 2026A Trust for payment of the 2015 Bonds Being Refunded. The Act further provides that for bonds issued to refund bonds that are issued from and after August 31, 2016, like the 2016 Bonds Being Refunded, the owners of such bonds being refunded must rely on the sufficiency of the monies and securities held in trust for payment of such bonds being refunded. Therefore, the owners of the 2016 Bonds Being Refunded must rely on the sufficiency of the monies and the Government Obligations held in the 2026B Trust for the payment of the 2016 Bonds Being Refunded. After the deposit of the monies and the Government Obligations to the 2026B Trust for payment of the 2016 Bonds Being Refunded, all obligations of the District to levy a tax for the payment of the 2016 Bonds Being Refunded shall cease and terminate.

Subject to such limitation, the taxes will be levied, assessed and collected at the same time and in the same manner as other similar taxes are levied, assessed and collected. For information concerning the *ad valorem* property tax levy and collection procedures, see APPENDIX B – “THE DISTRICT – FINANCIAL INFORMATION – PROPERTY TAXES.”

Defeasance

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of monies or obligations issued or guaranteed by the United States of America (“Defeasance Obligations”) or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant in the case of a deposit in trust of Defeasance Obligations, to pay when due the principal and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the monies and Defeasance Obligations deposited in trust.

Investment of Debt Service Funds

Following collection and deposit of the proceeds of the taxes into a debt service fund of the District held by the Treasurer (the “Debt Service Fund”), the District will instruct the Treasurer, as ex officio Treasurer of the District, to invest the monies credited to the Debt Service Fund in accordance with Title 15, Chapter 9, Article 7, Arizona Revised Statutes. The District is statutorily permitted to invest monies in the Debt Service Fund only in the investments set forth in Section 15-1025, Arizona Revised Statutes, which include, with certain restrictions, bonds issued or guaranteed by the United States of America (the “United States”) or any of its agencies or instrumentalities when such obligations are guaranteed as to principal and interest by the United States or by any agency or instrumentality thereof, bonds of the State or any Arizona county, city, town, or school district, certain bonds of any Arizona county, municipality or municipal district utility, certain bonds of any Arizona municipal improvement district, federally insured savings accounts or certificates of deposit, and bonds issued by federal land banks, federal intermediate credit banks, or banks for cooperatives and certain certificates of deposit (pursuant to Section 35-323.01, Arizona Revised Statutes). All earnings derived from such investments are credited to the Debt Service Fund. The statutes governing investment of monies in the Debt Service Fund are subject to change. The District does not monitor the manner in which the Treasurer invests monies in the Debt Service Fund.

Except to the extent any Bond proceeds are deposited to the Debt Service Fund and except as otherwise described above, neither the proceeds of the sale of the Bonds nor any school property of the District (including that refinanced with the proceeds of the sale of the Bonds) are security for, or a source of payment of principal of, or interest on the Bonds.

PLAN OF REFUNDING*

The proceeds received from the sale of the Bonds, net of amounts used to pay the costs of issuance of the Bonds, will be placed in the 2026A Trust and the 2026B Trust, as applicable, with U.S. Bank Trust Company, National Association, as escrow trustee, pursuant to an escrow trust agreement, to be applied to the payment of the bonds identified below (the “2015 Bonds Being Refunded” and the “2016 Bonds Being Refunded” and, collectively, the “Bonds Being Refunded”). Such proceeds will be used to acquire the Government Obligations, the maturing principal of and interest income with respect to which are calculated to be sufficient, along with certain monies to be held pursuant to such escrow trust agreement, to pay debt service on the Bonds Being Refunded until the redemption date specified below, and to redeem the Bonds Being Refunded on such prior redemption date, without premium, as indicated in the table below. The owners of the 2026A Bonds must rely on the sufficiency of the monies and the Government Obligations held in the 2026A Trust for payment of the 2015 Bonds Being Refunded. The owners of the 2016 Bonds Being Refunded must rely on the sufficiency of the monies and the Government Obligations held in the 2026B Trust for payment of the 2016 Bonds Being Refunded. After the deposit of the monies and the Government Obligations to the 2026B Trust for payment of the 2016 Bonds Being Refunded, all obligations of the District to levy a tax for the payment of the 2016 Bonds Being Refunded shall cease and terminate. The issuance of the 2026A Bonds shall in no way infringe upon the rights of the owners of the 2015 Bonds Being Refunded to rely upon a tax levy for the payment of principal of and interest on the 2015 Bonds Being Refunded if the monies and the Government Obligations held in the 2026A Trust prove insufficient. The 2016 Bonds Being Refunded shall in no way infringe upon the rights of the owners of the 2026B Bonds to rely upon a tax levy for the payment of principal of and interest on the 2026B Bonds if the monies and the Government Obligations held in the 2026B Trust prove insufficient. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” and “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

2015 Bonds Being Refunded

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Bonds Being Refunded*	Redemption Date	Redemption Premium (as a Percentage of Principal)	CUSIP® ⁽¹⁾ No. 721893
2015	2027	3.000%	\$ 750,000	\$ 750,000	7/1/2026	0.00%	FA8
	2028	3.250	950,000	950,000	7/1/2026	0.00	FB6
	2029	4.000	1,350,000	1,350,000	7/1/2026	0.00	FC4
	2030	4.000	1,875,000	1,875,000	7/1/2026	0.00	FD2
	2031	4.000	2,975,000	2,975,000	7/1/2026	0.00	FE0
	2032	3.500	2,800,000	2,800,000	7/1/2026	0.00	FF7
	2033	5.000	2,900,000	2,900,000	7/1/2026	0.00	FG5
	2034	3.750	3,300,000	3,300,000	7/1/2026	0.00	FH3
			\$ 16,900,000	\$ 16,900,000			

⁽¹⁾ See footnote ⁽¹⁾ on the inside front cover page.

* Subject to change.

2016 Bonds Being Refunded

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Bonds Being Refunded*	Redemption Date	Redemption Premium (as a Percentage of Principal)	CUSIP® ⁽¹⁾ No. 721893
2016	2027	4.000%	\$ 355,000	\$ 355,000	7/1/2026	0.00%	FU4
	2028	4.000	325,000	325,000	7/1/2026	0.00	FV2
	2031	4.000	1,120,000	1,120,000	7/1/2026	0.00	FY6
	2034	3.250	1,420,000	1,420,000	7/1/2026	0.00	GB5
	2036	5.000	3,305,000	3,305,000	7/1/2026	0.00	GD1
2016 REF	2027	4.000	1,150,000	1,150,000	7/1/2026	0.00	FU4
	2028	4.000	1,200,000	1,200,000	7/1/2026	0.00	FV2
			<u>\$ 8,875,000</u>	<u>\$ 8,875,000</u>			

* Subject to change.

⁽¹⁾ See footnote ⁽¹⁾ on the inside front cover page.

To the extent the monies and the Government Obligations held in the 2026A Trust are not sufficient to pay, when due, the principal of and interest on the 2015 Bonds Being Refunded, the *ad valorem* taxes levied to pay debt service on the 2026A Bonds will be subject to the prior right of the owners of the 2015 Bonds Being Refunded to payment from the same tax levy. The 2016 Bonds Being Refunded shall in no way infringe upon the rights of the owners of the 2026B Bonds to rely upon a tax levy for the payment of principal of and interest on the 2026B Bonds if the monies and the Government Obligations held in the 2026B Trust prove insufficient. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.”

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Bonds Being Refunded.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District’s retained advisors, consultants or legal counsel.

STATE CONSTITUTIONAL LIMITATION ON EXPENDITURES

Pursuant to Article 9, Section 21, Arizona Constitution (the “AEL Provision”), Arizona public school districts are subject to an aggregate expenditure limitation (the “Aggregate Expenditure Limitation”), determined annually by the State Economic Estimates Commission. The aggregate expenditure of revenues described in the AEL Provision for all public school districts, determined annually by November 1 of each year by the Arizona Department of Education (“ADE”), may only exceed the Aggregate Expenditure Limitation if authorized by the State legislature (the “Legislature”) for a single fiscal year, by concurrent resolution, upon affirmative vote of two-thirds of the membership of each house of the Legislature (the “Override”) by March 1 of the fiscal year. Certain public school district revenues,

including federal grants and budget overrides, are not subject to the Aggregate Expenditure Limitation. In prior fiscal years, public school districts have either not exceeded the Aggregate Expenditure Limitation or have exceeded the Aggregate Expenditure Limitation with Override authorization from the Legislature.

If the Legislature does not pass the Override (if needed) in a fiscal year, public school districts, including the District, would be required to reduce fiscal year budgeted expenditures by April 1 of such year. Each public school district is responsible for the manner in which it would deal with a required pro-rata reduction of relevant aggregate expenditures. Actions like furloughs, a hiring freeze, salary reductions, shifting from in-person to remote instruction and using available fund balances are various options considered by school districts in Arizona. There is a range of outcomes in future fiscal years that could be achieved by the District by taking some or all of the actions described in the immediately preceding sentence (or other, similar actions). Certain actions would allow the District to continue regular operations while other actions could result in significantly reduced operations of the District.

Based on a report of ADE, the Aggregate Expenditure Limitation would have been exceeded by approximately \$1.164 billion (13.83%) in fiscal year 2025/26. On June 27, 2025, the Legislature passed the Override providing public school districts with the authority to spend amounts as budgeted for the current fiscal year (2025/26) and for the next fiscal year (2026/27).

Even with the approval of the Override by the Legislature for fiscal years through 2026/27, it is expected that school districts will continue to exceed the Aggregate Expenditure Limitation in future fiscal years. The Legislature will need to pass separate Overrides in and for such future fiscal years unless, by State voter approval at a General Election to be held in November 2026 or thereafter, the AEL Provision is repealed or amended to permit a more permanent increase in the Aggregate Expenditure Limitation.

As stated elsewhere herein, the Bonds will be payable from a continuing, direct, annual *ad valorem* tax levied against all taxable property within the District, limited as described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.” Although the Legislature's failure to pass an Override in future fiscal years (if needed) could have the budgetary consequences described above, it would not directly affect the levy and collection of property taxes in the District, the security and source of payment for the Bonds. In addition, the Aggregate Expenditure Limitation does not apply to payment of debt service on long-term obligations of the District, including the Bonds. An investment in the Bonds should be made only after due consideration of the foregoing.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount	\$23,740,000.00*
[Net] Original Issue Premium (a)	_____
Total Sources of Funds	_____

Uses of Funds

Deposit to the 2026A Trust	
Deposit to the 2026B Trust	
Payment of Costs of Issuance (b)	_____
Total Uses of Funds	_____

* Subject to change.

- (a) Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.
- (b) Will include bond insurance premium, if any, and compensation and costs of the Underwriter with respect to the Bonds.

ESTIMATED DEBT SERVICE REQUIREMENTS

The following table illustrates the (i) estimated annual debt service on the outstanding bonds of the District, net of debt service on the Bonds Being Refunded, (ii) estimated annual debt service on the Bonds and (iii) total estimated annual debt service on all bonds of the District outstanding after the issuance of the Bonds.

TABLE 1

**Schedule of Estimated Annual Debt Service Requirements (a)
Vail Unified School District No. 20**

Fiscal Year	Bonds Outstanding*(b)		The 2026A Bonds*		The 2026B Bonds*		Total Estimated Annual Debt Service Requirements*
	Principal	Interest	Principal	Interest (c)	Principal	Interest (c)	
2025/26	\$ 7,470,000	\$ 3,037,213	\$ 105,000	\$ 192,313 (d)	\$ 105,000	\$ 104,438 (d)	\$ 11,013,963
2026/27	3,470,000	2,154,950	2,075,000	764,000	2,080,000	412,500	10,956,450
2027/28	3,445,000	1,987,600	1,000,000	660,250	1,000,000	308,500	8,401,350
2028/29	4,820,000	1,824,100	610,000	610,250	600,000	258,500	8,722,850
2029/30	3,680,000	1,602,500	885,000	579,750	885,000	228,500	7,860,750
2030/31	2,755,000	1,427,550	1,460,000	535,500	1,455,000	184,250	7,817,300
2031/32	2,990,000	1,289,800	1,430,000	462,500	1,430,000	111,500	7,713,800
2032/33	3,120,000	1,144,250	2,215,000	391,000	800,000	40,000	7,710,250
2033/34	3,230,000	1,017,000	3,180,000	280,250			7,707,250
2034/35	3,770,000	886,100	1,245,000	121,250			6,022,350
2035/36	3,665,000	729,550	1,180,000	59,000			5,633,550
2036/37	4,235,000	552,200					4,787,200
2037/38	4,300,000	348,950					4,648,950
2038/39	1,575,000	143,850					1,718,850
2039/40	445,000	74,000					519,000
2040/41	470,000	56,200					526,200
2041/42	470,000	37,400					507,400
2042/43	465,000	18,600					483,600
	<u>\$ 54,375,000</u>		<u>\$ 15,385,000</u>		<u>\$ 8,355,000</u>		<u>\$ 102,751,063</u>

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

(b) Net of the Bonds Being Refunded.

(c) Interest on the Bonds is estimated.

(d) The first interest payment on the Bonds will be due on July 1, 2026*. Thereafter, interest payments will be made semiannually on each January 1 and July 1 until maturity.

* Subject to change.

LITIGATION

No litigation or administrative action or proceeding is pending to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the refunding of the Bonds Being Refunded, the levy and collection of taxes to pay the debt service on the Bonds, to contest or question the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. Representatives of the District will deliver a certificate to the same effect at the time of the initial delivery of the Bonds.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) has assigned the rating of "A+" to the Bonds. Such rating reflects only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, CA 94111. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Bonds. The District will covenant in its continuing disclosure undertaking with respect to the Bonds that it will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

BOND INSURANCE AND RELATED RISK FACTORS

The District intends to apply, or has applied, to bond insurance companies (each a "Bond Insurer") for a municipal bond insurance policy (the "Policy") for the Bonds to guarantee the scheduled payments of principal of and interest on the Bonds. A commitment to provide the Policy has not been issued, and representatives of the District have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the District ultimately determines to obtain the Policy for the Bonds, in the event of default of the payment of principal or interest with respect to any of the Bonds when all or some become due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will remain payable solely from ad valorem property taxes as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS." In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

LEGAL MATTERS

In connection with the issuance of the Bonds, the District will furnish the Underwriter with the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona (“Bond Counsel”). A draft of such approving opinion is included as APPENDIX F – “FORM OF APPROVING LEGAL OPINION” hereto; provided, however, the opinion delivered may vary from the text if necessary to reflect facts and laws on the date of delivery. Bond Counsel is to render its opinion, which will speak only as of its date, upon the validity and enforceability of the Bonds under State law and on the exclusion of the interest income on the Bonds for federal income tax purposes and of the exemption of the interest income on the Bonds from State income taxes. (See “TAX EXEMPTION” herein.) The fees of Bond Counsel and counsel to the Underwriter are expected to be paid from proceeds of the sale of the Bonds and are contingent upon the delivery of the Bonds.

Bond Counsel will opine to the Underwriter upon the information in the tax caption paragraph on the cover page, in APPENDICES F and G and under the headings “THE BONDS,” “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” “PLAN OF REFUNDING,” “TAX EXEMPTION,” “RELATIONSHIP AMONG PARTIES” (as it relates to Bond Counsel only) and “CONTINUING DISCLOSURE” (except as to compliance with existing undertakings) but otherwise has not participated in the preparation of this Official Statement and will not opine upon its accuracy, completeness or sufficiency. Bond Counsel has not been engaged to confirm, examine or verify the accuracy, completeness or fairness of any information in this Official Statement, including the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, Phoenix, Arizona, counsel to the Underwriter.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) that, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and nonfinancial, impacting the operations of school districts that could have a material impact on the District and could adversely affect the secondary market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

In General

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The District’s failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds will be excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income. Bond Counsel is further of the opinion that

the interest on the Bonds will be exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Bonds will be based on and will assume the accuracy of certain representations and certifications of the District, and compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations. Bond Counsel will express no opinion as to any other consequences regarding the Bonds.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Bonds, (iii) the inclusion of the interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Bonds generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including interest on the Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over

a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Bonds or Premium Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or State tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Bonds. This withholding generally applies if the owner of the Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

UNDERWRITING

The Bonds will be purchased by the Underwriter at an aggregate purchase price of \$ _____, pursuant to a bond purchase agreement (the "Purchase Contract") entered into by and between the District and the Underwriter. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be \$ _____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at yields lower than the public offering yields stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own

account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

RELATIONSHIP AMONG PARTIES

Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel also serves and has served as bond counsel for one or more of the political subdivisions that the District territorially overlaps. Counsel to the Underwriter has previously acted as bond counsel with respect to other bonds underwritten by the Underwriter and may continue to do so in the future if requested.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 in each year commencing February 1, 2027 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District as such will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access System, each as described in APPENDIX G – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX G – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds and specifically their market price and transferability.

The District did not timely file the Annual Report for the fiscal year ended June 30, 2021 until February 26, 2022. The District has reviewed its filing requirements and has implemented written procedures to facilitate compliance with all future undertakings in all material respects.

GENERAL PURPOSE FINANCIAL STATEMENTS

The annual comprehensive financial report of the District for the fiscal year ended June 30, 2025, a copy of which is included in APPENDIX C – “THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” of this Official Statement, includes the District’s financial statements for the fiscal year ended June 30, 2025 that were audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm, to the extent indicated in its report thereon. **The District has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

VAIL UNIFIED SCHOOL DISTRICT NO. 20
OF PIMA COUNTY, ARIZONA

By: _____
President of the Governing Board

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**THE DISTRICT –
DISTRICT INFORMATION**

General Information

The District was established in 1903 as Vail Elementary School District No. 20. In 1998, the elementary school district became Vail Unified School District No. 20. The District is located in the southeastern corner of Pima County, Arizona (the “County”) and includes within its boundaries a portion of the metropolitan area of the City of Tucson, Arizona (the “City” or “Tucson”). The District encompasses an area of approximately 425 square miles and serves an estimated population of 71,004. See APPENDIX D – “CITY OF TUCSON, ARIZONA” for information pertaining to the City and APPENDIX E – “PIMA COUNTY, ARIZONA” for information pertaining to the County.

Enrollment

The following table illustrates the current and historical average daily membership (“A.D.M.”) of the District’s student population.

TABLE 2

**AVERAGE DAILY MEMBERSHIP
Vail Unified School District No. 20**

Fiscal Year	A.D.M. (a)
2025/26 (b)	14,496
2024/25	14,342
2023/24	14,086
2022/23	13,862
2021/22	13,470
2020/21	12,868

(a) *A.D.M. means average daily membership and is computed by taking the average number of students enrolled over the first 100 days of the school year.*

(b) *Projected 100th day average daily membership.*

Source: The Arizona Department of Education and the District.

Facilities

The District operates the following school facilities. The District also has an online digital learning program.

TABLE 3
SCHOOL FACILITIES
Vail Unified School District No. 20

Facility	Grade Range (a)
Vail Inclusive Preschool	PS
Acacia Elementary School	K – 5
Copper Ridge Elementary School	K – 5
Cottonwood Elementary School	K – 5
Desert Willow Elementary School	K – 5
Ocotillo Ridge Elementary School	K – 5
Senita Valley Elementary School	K – 5
Sycamore Elementary School	K – 5
Mesquite Elementary School	K – 5
Corona Foothills Middle School	6 – 8
Desert Sky Middle School	6 – 8
Old Vail Middle School	6 – 8
Rincon Vista Middle School	6 – 8
Civano Community School	K – 8
Esmond Station School	K – 8
Saguaro Creek School	K – 8
Andrada Polytechnic High School	9 – 12
Cienega High School	9 – 12
Empire High School	9 – 12
Mica Mountain High School	9 – 12
Pantano High School	9 – 12
Vail Innovation Center	K – 12
Vail Academy & High School	K – 12

(a) PS = Preschool, K = Kindergarten

Source: The District.

Administration and Governance

The District has 45 principals and administrators, 1,032 certified personnel and 1,130 classified personnel. This provides the District with a student to teacher ratio of approximately 15:1 for elementary schools, 16:1 for middle schools and 15:1 for high schools.

The District is governed by a five-member Governing Board and administered by one Superintendent. The members of the Governing Board are elected at-large. The present members of the Governing Board are:

TABLE 4

**GOVERNING BOARD
Vail Unified School District No. 20**

Allison Pratt, *President*
 Callie Tippet, *Clerk*
 Jen Anderson, *Member*
 Ed Buster, *Member*
 Chris King, *Member*

Information Related to Potential Community Reinvestment Act Credit for the 2025/26 School Year

The Community Reinvestment Act (the “CRA”) is federal legislation that is intended to encourage depository institutions to help meet the credit needs of low and moderate income neighborhoods. Performance for purposes of the CRA is evaluated in a number of ways including credits for investment (including by purchasing municipal bonds) in areas that provide free or reduced-price school meals through the National School Lunch Program to eligible students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program).

The table below shows schools of the District where at least 50% of the students are eligible for free or reduced-price school meals through the National School Lunch Program. Such eligibility information is the most recent available for the District, is not current and therefore must be considered with an abundance of caution.

**NATIONAL SCHOOL LUNCH PROGRAM
Vail Unified School District No. 20**

Facility	Eligibility Percent (a)
Pantano High School	65%

No representation is made as to the status of any investment in the Bonds as it might affect performance by any depository institution under the CRA.

(a) *Based on claim data for the month of October as reported by school food authorities. School year 2025/26 eligibility data published as of January 6, 2026.*

Source: *Free and Reduced-Price Percentage Report School Year 2025/26*, Arizona Department of Education Health and Nutrition Services.

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**THE DISTRICT –
FINANCIAL INFORMATION**

PROPERTY TAXES

As described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due, limited as described under such heading. The State’s *ad valorem* property tax levy and collection procedures are summarized under this heading “PROPERTY TAXES.”

Taxable Property

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the “Department of Revenue”). Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as “centrally valued” property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value

In the context of a specific property parcel, full cash value (“Full Cash Value”) is statutorily defined to mean “the value determined as prescribed by statute” or if a statutory method is not prescribed it is “synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value

In the context of a specific property parcel, limited property value (“Limited Property Value”) is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than fifteen percent of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

Full Cash Value and Limited Property Value for Taxing Jurisdictions

The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the District.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See “Primary Taxes” and “Secondary Taxes” below.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the “Limited Assessed Property Value” and the “Full Cash Assessed Value,” respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE 5

Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2022	2023	2024	2025	2026
Mining, utilities, commercial and industrial (b)	17.5%	17%	16.5%	16%	15.5%
Agricultural and vacant land	15	15	15	15	15
Owner occupied residential	10	10	10	10	10
Leased or rented residential	10	10	10	10	10
Railroad, private car company and airline flight property (c)	15	14	14	13	13

- (a) *Additional classes of property exist, but seldom amount to a significant portion of a municipal body’s total valuation.*
- (b) *The assessment ratio for this property classification will decrease to 15% for tax year 2027 and each tax year thereafter.*
- (c) *This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.*

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

Primary Taxes

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). “Net Limited Assessed Property Value” is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes

Per State statute, taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, water conservation and career technical education districts, and taxes levied by school districts for qualified desegregation expenditures are "secondary taxes." Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments.

Calculating Debt Limitations

Net Full Cash Assessed Value is determined by excluding the value of property exempt from taxation from Full Cash Assessed Value of both locally assessed and centrally valued property and combining the resulting two amounts. Net Full Cash Assessed Value is the basis for determining bonded debt limitations for certain political subdivisions in Arizona, including the District.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer. (The Assessor of the County is required to have completed the assessment roll by December 15th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year).

Property owners may file an appeal with the Assessor of the County to request a review of the Assessor of the County's determination of the Full Cash Value and legal classification of their property. Once the appeals process is complete, the Assessor of the County, if necessary, corrects the tax roll based upon the appeal decisions and sends the corrected values to each taxing jurisdiction (cities, school districts, including the District, community colleges and special districts such as fire and health).

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals or other reasons reduces the amount of taxes received by each jurisdiction.

On occasion, it may be determined that a taxpayer or class of taxpayers is due a property tax refund associated with a successful appeal. These refunds may be for a single year or several years and may range widely in amount. Generally, these refunds are paid by the Treasurer of the appropriate County with amounts received from the underlying taxing jurisdictions which, in most cases, may levy an additional property tax in the following year to account for that underlying taxing jurisdiction's portion of the taxpayer refund. Importantly, in most cases, taxpayer refunds of this type are not the ultimate burden of the underlying taxing jurisdiction, as the underlying taxing jurisdictions levied a tax in an amount which was based on the approved (i.e., pre-appeal) property tax levy. Refunds do not change the amount of revenue the underlying taxing jurisdictions are eligible to receive for the affected fiscal years, but such refunds do change the distribution of the burden of the property taxes among the taxpayers. This is reconciled by the underlying taxing jurisdictions levying for the refunded amounts in a subsequent year.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years. Set forth below is a record of property taxes levied and collected in the District for a portion of the current fiscal year and all of the previous five fiscal years.

TABLE 6

**Property Taxes Levied and Collected (a)
Vail Unified School District No. 20**

Fiscal Year	Combined Primary and Secondary Tax Rate	District Tax Levy	Collected to June 30th of Initial Fiscal Year		Cumulative Collections to February 11, 2026	
			Amount	% of Levy	Amount	% of Levy
2025/26	\$6.3364	\$47,356,132	(b)	(b)	\$26,465,667	55.89%
2024/25	6.3777	43,997,311	\$43,406,777	98.66%	43,751,717	99.44
2023/24	6.8116	43,789,993	43,294,054	98.87	43,575,115	99.51
2022/23	6.8087	39,856,425	39,198,424	98.35	39,634,106	99.44
2021/22	7.1497	39,095,792	38,581,928	98.69	38,865,025	99.41
2020/21	7.1640	35,888,617	35,488,549	98.89	35,860,475	99.92

(a) *Taxes are collected by the Treasurer. Taxes are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.*

In November 2021, voters in the District authorized the District to exceed its statutorily prescribed maintenance and operations budget limit by an amount not to exceed 12.5% of the prescribed limit. The authorization, which began in fiscal year 2022/23, extends for seven years, but, in the sixth (fiscal year 2027/28) and seventh (fiscal year 2028/29) years, the amount by which the prescribed budget limit may be exceeded is limited to 8.3% and 4.1%, respectively. Tax rates for corresponding years include amounts available for this override. If voters do not authorize the District to continue to exceed its statutorily prescribed maintenance and operations budget limit, the District will have to decrease its budgeted expenditures in fiscal year 2027/28.

(b) *2025/26 taxes in course of collection:
First installment due 10-01-25, delinquent 11-01-25;
Second installment due 03-01-26, delinquent 05-01-26.*

Source: Office of Budget and Finance of the County and the Treasurer.

Delinquent Tax Procedures

The property taxes due the District are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of each subsequent month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered

for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer to deliver a treasurer's deed to the certificate holder as prescribed by law.

Chapter 176, Laws of Arizona 2024 (commonly referred to by its original bill number as "SB 1431") revises the redemption and foreclosure process for tax lien certificate holders whereby a delinquent taxpayer may request an entry of judgment directing the sale of the property for excess proceeds. If a delinquent taxpayer requests an excess proceeds sale, and an entry of judgment is granted to direct such excess proceeds sale, a tax lien certificate holder's potential financial return on the subject tax lien eligible for foreclosure may decrease relative to the tax lien certificate holder's potential financial return on such tax lien prior to the enactment of SB 1431. Therefore, in connection with the new excess proceeds sale process instituted by SB 1431, it is reasonable to conclude that "tax sale investors" may be less willing to purchase tax liens. The effective date of SB 1431 was September 14, 2024. None of the District, the Underwriter or the counsel or agents of either of them, are able to determine or predict what impact, if any, SB 1431 will have on property tax collections in the District.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When an owner of land or property within the District (a "debtor") files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

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ASSESSED VALUATIONS AND TAX RATES

TABLE 7

**Direct and Overlapping Net Limited Assessed Property Values and Tax Rates (a)
Per \$100 Net Limited Assessed Property Value**

<u>Overlapping Jurisdiction</u>	<u>2025/26 Net Limited Assessed Property Value</u>	<u>2025/26 Total Tax Rate Per \$100 Net Limited Assessed Property Value</u>
State of Arizona	\$ 92,368,086,849	None
Pima County	11,808,510,655	\$4.3093(a)
Pima County Community College District	11,808,510,655	1.2176
Pima County Fire District Assistance Tax	11,808,510,655	0.0350
Pima County Library District	11,808,510,655	0.5579
Pima County Flood Control District (a)	10,826,985,197	0.3289
Central Arizona Water Conservation District (b)	11,808,510,655	0.1400
Corona de Tucson Fire District	103,577,814	3.3000
Mescal-J6 Fire District	4,686,958	2.0900
Rincon Valley Fire District	253,440,616	3.1147
Sonoita-Elgin Fire District	5,608,492	3.2500
City of Tucson	4,710,466,180	0.9963
Joint Technical Education District	11,207,830,409	0.0500
Vail Unified School District No. 20	886,862,070	6.3364

(a) *The assessed value of the Pima County Flood Control District does not include the personal property assessed valuation of the County.*

(b) *Value shown for the Central Arizona Water Conservation District covers only the County portion of such District. (See footnote (b) following TABLE 16.)*

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Assessor and Office of Budget and Finance of the County.

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TABLE 8**Net Limited Assessed Property Value by Property Classification
Vail Unified School District No. 20**

Class	2025/26	2024/25	2023/24	2022/23	2021/22
Commercial, industrial, utilities & mines	\$ 147,677,577	\$ 147,036,762	\$ 141,796,091	\$ 130,979,198	\$ 137,994,422
Agricultural and vacant	40,445,500	35,407,593	37,081,358	30,349,921	29,910,291
Residential (owner occupied)	573,280,246	503,503,391	435,659,781	401,904,675	376,336,729
Residential (rental)	118,251,514	119,816,797	124,655,035	111,210,446	98,327,403
Railroad	1,248,930	1,466,870	1,875,178	2,716,109	2,502,087
Historical property	5,958,303	5,688,996	5,389,412	5,110,394	4,907,159
Totals (a)	<u>\$ 886,862,070</u>	<u>\$ 812,920,409</u>	<u>\$ 746,456,855</u>	<u>\$ 682,270,743</u>	<u>\$ 649,978,091</u>

(a) Totals may not add up due to rounding.

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

TABLE 9**Net Limited Assessed Property Value of Major Taxpayers
Vail Unified School District No. 20**

Major Taxpayer (a)	2025/26 Net Limited Assessed Property Values	As % of 2025/26 Net Limited Assessed Property Values
FC Tucson AZ Landlord LLC/Amazon	\$26,455,841	2.98%
Unisource Energy Corporation	24,361,771	2.75
HSL Properties	12,542,194	1.41
Century Park Properties LLC/Levin	8,234,025	0.93
Southwest Gas Corporation	7,292,156	0.82
Rocking K/Diamond Ventures	5,899,540	0.67
Arizona Canning Company LLC	4,950,817	0.56
American Homes 4 Rent	4,705,861	0.53
Brown Worden Properties LLC	4,639,398	0.52
Rain Bird Corp.	4,441,386	0.50
	<u>\$103,522,989</u>	<u>11.67%</u>

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. No representatives of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: The Assessor of the County.

TABLE 10

Comparative Net Limited Assessed Property Values

Fiscal Year	Vail Unified School District No. 20	City of Tucson	Pima County	State of Arizona
2025/26	\$ 886,862,070	\$4,710,466,180	\$ 11,808,510,655	\$ 92,368,086,849
2024/25	812,920,409	4,542,971,018	11,254,511,170	88,425,625,840
2023/24	746,456,855	4,332,448,523	10,646,893,610	83,026,514,349
2022/23	682,270,743	4,155,637,522	10,132,624,448	78,415,651,030
2021/22	649,978,091	3,962,584,979	9,696,150,355	74,200,360,570

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Office of Budget and Finance of the County.

TABLE 11

**Estimated Net Full Cash Value History
Vail Unified School District No. 20**

Fiscal Year	Estimated Net Full Cash Value (a)
2025/26	\$ 10,794,038,553
2024/25	10,066,937,696
2023/24	8,037,123,417
2022/23	6,624,564,116
2021/22	6,110,521,248

(a) *Estimated Net Full Cash Value is the total market value of the property within the District less the estimated Full Cash Value of property exempt from taxation within the District.*

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

DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

TABLE 12

**Current Year Statistics (For Fiscal Year 2025/26)
Vail Unified School District No. 20**

Total General Obligation Bonds Outstanding and to be Outstanding	\$ 78,115,000* (a)
Net Limited Assessed Property Value	886,862,070
Net Full Cash Assessed Value	1,187,945,375
Estimated Net Full Cash Value	10,794,038,553

The District’s preliminary fiscal year 2026/27 Net Limited Assessed Property Value is estimated at \$948,032,134, an increase of approximately 6.9% from the fiscal year 2025/26 Net Limited Assessed Property Value. The District’s preliminary fiscal year 2026/27 Net Full Cash Assessed Value is estimated at \$1,215,341,484, an increase of approximately 2.3% from the fiscal year 2025/26 Net Full Cash Assessed Value. The District’s preliminary fiscal year 2026/27 Estimated Net Full Cash Value is estimated at \$11,109,110,643, an increase of approximately 2.9% from the fiscal year 2025/26 Estimated Net Full Cash Value. The values are subject to adjustments until approved by the Board of Supervisors of the County before or on August 17, 2026.

* Subject to change.

(a) Includes the Bonds, net of the Bonds Being Refunded. See footnote (b) to TABLE 14 for a description of the treatment of certain proceeds of the Bonds for State debt limit purposes.

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue and Assessor and Office of Budget and Finance of the County.

TABLE 13

**Direct General Obligation Bonded Debt Outstanding and to be Outstanding
Vail Unified School District No. 20**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding	Bonds Being Refunded*	Balance Outstanding and to be Outstanding*
2015	\$ 31,205,000	School improvements & refunding	2034	\$17,300,000	\$ (16,900,000)	\$ 400,000
2016	17,595,000	School improvements & refunding	2036	10,835,000	(8,875,000)	1,960,000
2019	36,875,000	School improvements	2038	30,115,000		30,115,000
2020	15,210,000	School improvements & refunding	2039	10,240,000		10,240,000
2021	4,335,000	Refunding	2030	4,335,000		4,335,000
2024	8,225,000	School improvements	2043	7,325,000		7,325,000
Total General Obligation Bonded Debt Outstanding						\$ 54,375,000
Plus: The Bonds						23,740,000
Total General Obligation Bonded Debt Outstanding and to be Outstanding (a)						<u>\$ 78,115,000</u>

* Subject to change.

(a) See footnote (b) to TABLE 14 for a description of the treatment of certain proceeds of the Bonds for State debt limit purposes.

**Constitutional / Statutory Debt Limit / Unused Borrowing Capacity after Bond Issuance
Vail Unified School District No. 20**

TABLE 14

2025/26 Arizona Constitutional Debt Limitation (30% of Net Full Cash Assessed Value)	\$ 356,383,612
Less: Bonds Outstanding and to be Outstanding (a)	(78,115,000) *
Less: [Net] Original Issue Premium of the Bonds (b)	(2,035,000) *
Less: Unamortized Premium on Prior Bonds (c)	(7,413,000)
Unused 30% Constitutional Borrowing Capacity	<u>\$ 268,820,612 *</u>

* Subject to change.

(a) Includes the Bonds, net of Bonds Being Refunded.

(b) This amount represents premium on the Bonds that reduces in equal amount the borrowing capacity of the District under State statutes and the Arizona Constitution. Such capacity will be recaptured as premium is amortized.

(c) This amount represents the unamortized portion of premium on the District's outstanding bonds issued after August 2016, which amount is treated as described in footnote (b) above.

TABLE 15

2025/26 Statutory Limitation on Class B Bonds [Greater of 20% of the Net Full Cash Assessed Value (\$237,589,075) or \$1,500 per student (\$20,793,000)]	\$ 237,589,075
Less: "Class B" Bonds Outstanding and to be Outstanding (a)	(78,115,000) *
Less: [Net] Original Issue Premium of the Bonds (b)	(2,035,000) *
Less: Unamortized Premium on Prior Bonds (c)	(7,413,000)
Unused Statutory Borrowing Capacity	<u>\$ 150,026,075 *</u>

* Subject to change.

(a) "Class B" bonds are school district general obligation bonds, or bonds issued to refund such bonds, like the Bonds, approved by a vote of qualified electors of a school district at an election held from and after December 13, 1998, and subject to the statutory debt limitation indicated in the table. Includes the Bonds, net of Bonds Being Refunded.

(b) See footnote (b) to TABLE 14 for a description of the treatment of certain proceeds of the Bonds for debt limit purposes.

(c) This amount represents the unamortized portion of premium on the District's outstanding bonds issued after August 2016, which amount is treated as described in footnote (b) to TABLE 14 above.

TABLE 16

**Direct and Overlapping General Obligation Bonded Debt
Vail Unified School District No. 20**

Overlapping Jurisdiction	General Obligation Bonded Debt (b)	Proportion Applicable to the District (a)	
		Approximate Percent	Net Debt Amount
State of Arizona	None	0.96 %	None
Pima County	\$30,960,000	7.51	\$ 2,325,096
Rincon Valley Fire District	10,885,000	81.74	8,897,399
City of Tucson	84,960,000	7.66	6,507,936
Vail Unified School District No. 20 (c)	78,115,000*	100.00	<u>78,115,000*</u>
Net Direct and Overlapping General Obligation Bonded Debt			<u><u>\$ 95,845,431*</u></u>

(a) *Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for 2025/26.*

(b) *Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various county and city improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.*

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Rincon Valley Fire District	\$10,285,000
City of Tucson	114,000,000
Vail Unified School District No. 20	None

* *Subject to change.*

Also does not include the obligation of the Central Arizona Water Conservation District (“CAWCD”) to the United States Department of the Interior (the “Department of the Interior”), for repayment of certain capital costs for construction of the Central Arizona Project (“CAP”), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD’s obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona’s Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD’s boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of Net Limited Assessed Property Value, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(c) Includes the Bonds and is net of the Bonds Being Refunded.

Source: The various entities, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and the Assessor, Office of Budget and Finance and Treasurer of the County.

TABLE 17

**Direct and Overlapping General Obligation Bonded Debt Ratios
Vail Unified School District No. 20**

	Per Capita Bonded Debt Population Estimated @ 71,004	As % of District’s 2025/26 Net Limited Assessed Property Value	As % of District’s 2025/26 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt (a)*	\$ 1,100.15	8.81%	0.72%
Net Direct and Overlapping General Obligation Debt (a)*	1,349.86	10.81	0.89

* Subject to change.

(a) Includes the Bonds and is net of the Bonds Being Refunded.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, Assessor and Office of Budget and Finance of the County and the U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program (data released in January 2026).

TABLE 18

**Other Obligations
Vail Unified School District No. 20**

Item	Annual Payment Amount	Final Payment
Lease (a)	\$172,428	October 15, 2026
Lease (b)	137,470	June 1, 2028
Mailing System	7,216	December 31, 2028

(a) *The District entered into a lease for ten 2018 140YS 84-Passenger Thomas school buses.*

(b) *Proceeds applied to acquire real property to be used as a District school.*

DISTRICT EMPLOYEE RETIREMENT SYSTEM

Retirement Plan

The District’s employees are covered by the Arizona State Retirement System (the “System”), a cost-sharing, multiple-employer defined benefit plan. The annual contribution rates are prescribed to be the rate actuarially determined by the System’s actuary, with minimum employer and employee rate requirements of not less than 2.00%. For fiscal year 2026/27, the District’s and its employees’ contribution has been calculated by the actuary to be 11.98% (11.87% Retirement Pension and Health Insurance Benefit, 0.11% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2025/26, the District’s and its employees’ contribution is 12.00% (11.86% Retirement Pension and Health Insurance Benefit, 0.14% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2024/25, the District’s and its employees’ contribution was 12.27% (12.12% Retirement Pension and Health Insurance Benefit, 0.15% Long Term Disability Income Plan) of payroll amounts. See Note 16 in APPENDIX C – “THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” for further discussion of the District and its employees’ obligations to the System as of June 30, 2025.

The Governmental Accounting Standards Board (“GASB”) adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their “proportionate share” of the plan’s net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer’s pension expense component include its proportionate share of the System’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. Both the District and each covered employee contribute to the System. At June 30, 2025, the District reported a liability of \$115,900,503 for its proportionate share of the net pension liability under the System. The pension liability was measured as of June 30, 2024. See Note 16 in APPENDIX C – “THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” for further discussion.

Other Post-Employment Benefits

During the year ended June 30, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). The District is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan. Please refer to

APPENDIX C of the Official Statement which includes the District’s audited financial statements and specifically “Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

The District currently does not offer any OPEB. The District’s employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State’s health care program. The District does not currently make payments for OPEB costs for such retirees.

REVENUES AND EXPENDITURES

The following information of the District was derived from the annual expenditure budget of the District for fiscal year 2025/26 and the audited financial statements of the District for fiscal years 2020/21 through and including 2024/25. (State law no longer requires school districts to file revenue budgets.) Budgeted figures for fiscal year 2025/26 are on a cash basis and are presented in the format required by State law. Budgeted figures for fiscal year 2025/26 are “forward looking” statements that may not be realized during the course of the fiscal year as presented herein and thus must be viewed with an abundance of caution. Audited figures for fiscal years 2020/21 through and including 2024/25 are on a modified accrual basis. The presentation which follows has not been independently subject to any audit procedures.

The following information should be read in conjunction with the audited financial statements of the District. **See APPENDIX C for the District’s most recent audited general purpose financial statements, which are for fiscal year ended June 30, 2025.** Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

TABLE 19

**General Fund
Vail Unified School District No. 20**

	Budgeted	Audited				
	2025/26	2024/25	2023/24	2022/23 (a)	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR		\$ 27,533,925	\$ 24,429,206	\$ 19,205,152	\$ 14,194,630	\$ 11,432,448
REVENUES						
Other local		\$ 6,051,034	\$ 6,055,349	\$ 5,393,029	\$ 10,704,049	\$ 8,681,664
Property taxes		31,307,723	31,831,530	29,867,596	29,422,084	26,336,892
State aid and grants		101,071,067	98,555,451	89,496,333	65,152,848	60,990,698
Federal aid, grants and reimbursements		1,432,480	2,199,168	1,012,535	1,319,603	1,035,822
TOTAL REVENUES		<u>\$ 139,862,304</u>	<u>\$ 138,641,498</u>	<u>\$ 125,769,493</u>	<u>\$ 106,598,584</u>	<u>\$ 97,045,076</u>
ADJUSTMENTS						
Transfers in		\$ 26,290	\$ 127,573	\$ 22,898	\$ 76,873	\$ 55,522
Insurance recoveries		348,087	658,171	109,181	36,380	43,209
TOTAL FUNDS AVAILABLE FOR EXPENDITURES		<u>\$ 167,770,606</u>	<u>\$ 163,856,448</u>	<u>\$ 145,106,724</u>	<u>\$ 120,906,467</u>	<u>\$ 108,576,255</u>
EXPENDITURES						
Current						
Instruction	\$ 68,908,183	\$ 67,477,219	\$ 63,056,362	\$ 55,852,985	\$ 51,344,114	\$ 48,216,371
Support services:						
Students and instructional staff	20,981,203	22,141,267	19,784,978	17,065,635	15,813,971	15,169,763
General and school administration	9,573,744	17,290,250	16,779,912	14,432,228	14,440,154	11,979,644
Business and central	6,394,050	-	-	-	-	-
Operation & maintenance of plant services	19,556,928	19,152,841	17,628,527	15,674,557	14,268,955	13,087,433
Student transportation services	7,681,911	6,958,835	6,389,795	5,872,059	5,544,333	4,697,651
Operation of noninstructional services	393,151	956,303	780,430	692,972	578,065	403,982
School-sponsored athletics	1,358,581	-	-	-	-	-
Special K-3 reading program	2,078,579	-	-	-	-	-
Student cocurricular activities	36,206	-	-	-	-	-
Capital outlay	-	10,946,916	11,592,620	10,777,182	948,740	826,781
Other	92,029	-	-	-	-	-
Debt service						
Principal retirement	-	276,801	267,545	258,599	-	-
Interest and fiscal charges	-	33,097	42,354	51,301	-	-
TOTAL EXPENDITURES	<u>\$ 137,054,565</u>	<u>\$ 145,233,529</u>	<u>\$ 136,322,523</u>	<u>\$ 120,677,518</u>	<u>\$ 102,938,332</u>	<u>\$ 94,381,625</u>
FUND BALANCE AT END OF YEAR		<u><u>\$22,537,077</u></u>	<u><u>\$27,533,925</u></u>	<u><u>\$24,429,206</u></u>	<u><u>\$17,968,135</u></u>	<u><u>\$ 14,194,630</u></u>

(a) *The fund balance at end of year for fiscal year 2021/22 was different from the fund balance at beginning of year for fiscal year 2022/23 by \$1,237,017. Such amount represents the ending fund balance of the Unrestricted Capital Outlay fund that was included in the General Fund for reporting purposes. Such amount was reported separately in fiscal year 2021/22.*

TABLE 20**Debt Service Fund
Vail Unified School District No. 20**

	Budgeted	Audited				
	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR		\$ 2,706,269	\$ 1,956,973	\$ 1,505,919	\$ 1,654,744	\$ 1,464,248
REVENUES						
Other local		\$ 156,642	\$ 269,192	\$ 125,225	\$ 4,604	\$ 1,493
Property taxes		10,821,248	9,866,879	9,161,038	9,045,247	8,969,298
TOTAL REVENUES		\$ 10,977,890	\$ 10,136,071	\$ 9,286,263	\$ 9,049,851	\$ 8,970,791
ADJUSTMENTS						
Transfers in		\$ 326,306	\$ 197,095	\$ 63,616	\$ 10,629	\$ 9,876
Issuance of refunding bonds		-	-	-	-	4,335,000
Premium on sale of bonds		-	-	-	-	940,042
Payment to refunded bond escrow agent		-	-	-	-	(5,122,181)
TOTAL FUNDS AVAILABLE FOR						
EXPENDITURES		\$ 14,010,465	\$ 12,290,139	\$ 10,855,798	\$ 10,715,224	\$ 10,597,776
EXPENDITURES						
Debt service:	\$ 11,029,975					
Principal retirement		\$ 6,810,000	\$ 5,770,000	\$ 4,990,000	\$ 5,145,000	\$ 4,455,000
Interest, premium and fiscal charges		3,882,270	3,813,870	3,908,825	4,064,305	4,335,171
Bond issuance costs		-	-	-	-	152,861
TOTAL EXPENDITURES	\$ 11,029,975	\$ 10,692,270	\$ 9,583,870	\$ 8,898,825	\$ 9,209,305	\$ 8,943,032
FUND BALANCE AT END OF YEAR		<u>\$ 3,318,195</u>	<u>\$ 2,706,269</u>	<u>\$ 1,956,973</u>	<u>\$ 1,505,919</u>	<u>\$ 1,654,744</u>

THE DISTRICT

**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The following audited financial statements are for the fiscal year ended June 30, 2025. These are the most recent audited financial statements available to the District. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT. See “REVENUES AND EXPENDITURES” in APPENDIX B.

Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

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Independent Auditor's Report

Governing Board
Vail Unified School District No. 20

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vail Unified School District No. 20 (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Vail Unified School District No. 20, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Vail Unified School District No. 20 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of Vail Unified School District No. 20'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 Vail Unified School District No. 20'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 Vail Unified School District No. 20's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 22, 2025

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

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Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

As management of the Vail Unified School District No. 20 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The District's total net position of governmental activities increased \$16.7 million which represents a 16 percent increase from the prior fiscal year as a result of construction of a new K-8 school funded partly by the School Facilities Oversight Board.
- General revenues accounted for \$163.3 million in revenue, or 78 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$45.6 million or 22 percent of total current fiscal year revenues.
- The District had approximately \$192.2 million in expenses related to governmental activities, an increase of four percent from the prior fiscal year primarily due to overall salary and wage increases.
- Among major funds, the General Fund had \$139.9 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$145.2 million in expenditures. The General Fund's fund balance decrease from \$27.5 million at the prior fiscal year end to \$22.5 million at the end of the current fiscal year was primarily due to increased salary and wage expenses due to the end of the COVID-19 grant life cycles.
- The Classroom Site Fund's fund balance increase of \$1.5 million was due to unexpended classroom site payments to be paid out in future years.
- The Other Special Revenue Fund's fund balance decrease of \$842,389 was due to primarily to utilization of prior year revenues to fund community school related construction projects.
- The Other Capital Projects Fund's fund balance decrease of \$1.8 million was primarily due to construction costs incurred that are pending School Facilities Oversight Board approval for potential reimbursement.

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.

Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Overview of Financial Statements

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

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

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

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

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

Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Overview of Financial Statements

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

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$121.7 million at the current fiscal year end.

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

Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Government-Wide Financial Analysis

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

	As of June 30, 2025	As of June 30, 2024
Current and other assets	\$ 63,594,475	\$ 74,385,260
Capital assets, net	269,753,375	246,734,696
Total assets	<u>333,347,850</u>	<u>321,119,956</u>
Deferred outflows	<u>20,885,598</u>	<u>19,491,374</u>
Current and other liabilities	7,916,051	5,951,734
Long-term liabilities	<u>211,659,894</u>	<u>222,412,318</u>
Total liabilities	<u>219,575,945</u>	<u>228,364,052</u>
Deferred inflows	<u>12,907,903</u>	<u>7,196,474</u>
Net position:		
Net investment in capital assets	177,820,026	158,628,330
Restricted	32,686,351	31,717,210
Unrestricted	<u>(88,756,777)</u>	<u>(85,294,736)</u>
Total net position	<u>\$ 121,749,600</u>	<u>\$ 105,050,804</u>

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$88.8 million. The deficit arose due to unfunded pension liabilities.

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.

- The principal retirement of \$6.8 million of bonds.
- The net addition of \$32.7 million in capital assets through the construction of new schools, and other school improvements and purchases of vehicles, furniture and equipment.
- The decrease of \$6.0 million in pension liabilities.
- The depreciation of existing assets resulting in the addition of \$9.7 million in accumulated depreciation.

Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Government-Wide Financial Analysis

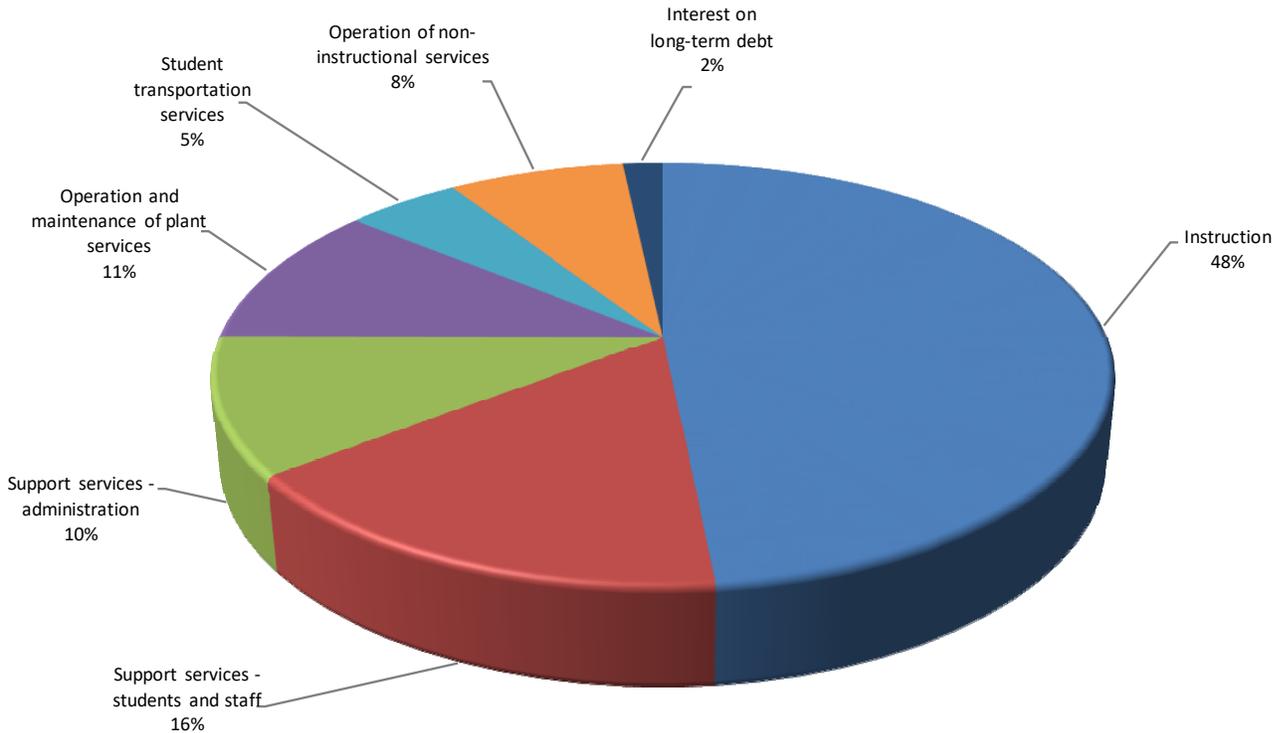
Changes in net position. The District's total revenues for the current fiscal year were \$208.9 million. The total cost of all programs and services was \$192.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

	<u>Fiscal Year Ended June 30, 2025</u>	<u>Fiscal Year Ended June 30, 2024</u>
Revenues:		
Program revenues:		
Charges for services	\$ 18,872,904	\$ 18,475,291
Operating grants and contributions	10,382,104	13,314,075
Capital grants and contributions	16,325,353	10,294,889
General revenues:		
Property taxes	43,769,276	42,709,477
Investment income	1,905,246	1,492,026
Unrestricted state aid	116,166,434	112,727,050
Unrestricted federal aid	1,432,480	2,199,168
Total revenues	<u>208,853,797</u>	<u>201,211,976</u>
Expenses:		
Instruction	93,059,019	89,546,624
Support services - students and staff	31,032,193	29,384,869
Support services - administration	20,167,434	19,735,260
Operation and maintenance of plant services	20,830,237	19,298,355
Student transportation services	9,402,094	8,573,589
Operation of non-instructional services	14,426,561	14,642,990
Interest on long-term debt	3,237,463	3,178,321
Total expenses	<u>192,155,001</u>	<u>184,360,008</u>
Changes in net position	16,698,796	16,851,968
Net position, beginning	<u>105,050,804</u>	<u>88,198,836</u>
Net position, ending	<u>\$ 121,749,600</u>	<u>\$ 105,050,804</u>

Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Government-Wide Financial Analysis

Expenses - Fiscal Year 2025



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

- The increase of \$6.0 million in capital grants and contributions was due to increased School Facilities Oversight Board funding for the construction of the new K-8 school.
- State aid revenues increased \$3.4 million due to an increase in state equalization funding due to an increase in the funding formula adopted by the state legislature and an increase in average daily membership.
- The overall increase in expenses of \$7.8 million was due to overall salary and wage increases.

**Vail Unified School District No. 20
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2025**

Government-Wide Financial Analysis

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

	Year Ended June 30, 2025		Year Ended June 30, 2024	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 93,059,019	\$ (69,675,020)	\$ 89,546,624	\$ (71,680,571)
Support services - students and staff	31,032,193	(24,075,208)	29,384,869	(23,562,223)
Support services - administration	20,167,434	(19,066,255)	19,735,260	(18,292,816)
Operation and maintenance of plant services	20,830,237	(19,937,269)	19,298,355	(10,995,583)
Student transportation services	9,402,094	(9,288,032)	8,573,589	(8,573,589)
Operation of non-instructional services	14,426,561	(1,295,393)	14,642,990	(5,992,650)
Interest on long-term debt	3,237,463	(3,237,463)	3,178,321	(3,178,321)
Total	\$ 192,155,001	\$ (146,574,640)	\$ 184,360,008	\$ (142,275,753)

- The cost of all governmental activities this year was \$192.2 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$45.6 million.
- Net cost of governmental activities of \$146.6 million was financed by general revenues, which are made up of primarily property taxes of \$43.8 million and state aid of \$116.2 million. Investment earnings accounted for \$1.9 million of funding.

Financial Analysis of the District’s Funds

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

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

Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$49.6 million, a decrease of \$6.9 million due primarily to the utilization of \$6.4 million in bond proceeds in the Bond Building Fund, received in the prior year, to construct the new K-8 school in the current year.

The General Fund comprises 45 percent of the total fund balance. The entire \$22.5 million General Fund's fund balance is unassigned. The General Fund is the principal operating fund of the District. The decrease in fund balance of \$5.0 million to \$22.5 million as of fiscal year end was a result of increased salary and wage expenses due to the end of the COVID-19 grant life cycles.

General Fund revenues increased \$1.2 million as a result of increase in state equalization funding due to an increase in the funding formula adopted by the state legislature and an increase in average daily membership. General Fund expenditures increased \$8.9 million as a result of increased salary and wage expenses due to the end of the COVID-19 grant life cycles.

The Classroom Site Fund's fund balance increased \$1.5 million to \$7.7 million at fiscal year end as a result of unexpended classroom site payments to be paid out in future years. Classroom Site Fund revenue increased \$862,746 and expenditures increased \$1.8 million due to one-time retention bonuses paid to employees.

The Other Special Revenue Fund's fund balance decreased \$842,389 to \$5.7 million at fiscal year end. Other Special Revenue Fund revenue decreased \$156,677 and expenditures increased \$1.4 million due to community school related construction projects.

The Other Capital Projects Fund's fund balance decreased \$1.8 million to a deficit of \$2.4 million at fiscal year end as a result of current year invoices for the construction of the new K-8 school. Other Capital Projects revenue increased \$9.5 million and expenditures increased \$10.9 million due to the construction on the new K-8 school.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$5.4 million increase, or four percent primarily due to increases in student count estimates.

**Vail Unified School District No. 20
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2025**

Budgetary Highlights

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 \$9.7 million in instruction was a result of increased budget capacity due to enrollment increases and several unfilled vacant positions.
- The favorable variance of \$1.2 million in support services – administration was a result of coding reclassifications of administrative positions to better align with actual duties.

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$374.6 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$32.6 million from the prior fiscal year, primarily due to the construction of the new K-8 school. Total depreciation expense for the current fiscal year was \$9.7 million.

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

	As of June 30, 2025	As of June 30, 2024
Capital assets - non-depreciable	\$ 56,408,561	\$ 30,492,956
Capital assets - depreciable, net	213,344,814	216,241,740
Total	\$ 269,753,375	\$ 246,734,696

The estimated cost to complete current construction projects is \$775,722. Additional information on the District’s capital assets can be found in Note 7.

Debt Administration. At year end, the District had \$88.5 million in long-term debt outstanding, \$7.8 million due within one year. Long-term debt decreased by \$7.9 million primarily due to the repayment of school improvement bonds.

Vail Unified School District No. 20
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

Capital Assets and Debt Administration

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$333.7 million and the Class B debt limit is \$222.4 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 8 through 11.

Economic Factors and Next Year's Budget and Rates

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

- District student population (estimated 15,136).
- Fiscal year 2024-25 budget balance carry forward (estimated \$10.5 million).
- Increase in state base funding.

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

Economic Factors and Next Year's Budget and Rates

Budgeted expenditures in the General Fund decreased one percent to \$137.1 million in fiscal year 2025-26. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2025-26 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business Support Services Department, Vail Unified School District No. 20; 13801 East Benson Highway, Vail, Arizona 85641, (520) 879-2021, or by e-mail at lenhardtm@vailschooldistrict.org.

Basic Financial Statements

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Government-Wide Financial Statements

Vail Unified School District No. 20
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 32,640,076
Property taxes receivable	542,644
Accounts receivable	314,209
Due from governmental entities	24,781,522
Leases receivable	1,019,175
Total current assets	59,297,626
Noncurrent assets:	
Net other postemployment benefit plan assets	4,296,849
Capital assets not being depreciated	56,408,561
Capital assets, net accumulated depreciation	213,344,814
Total noncurrent assets	274,050,224
Total assets	333,347,850
 Deferred outflows of resources	
Deferred charge on refunding	366,702
Pension plan items	20,245,970
Other postemployment benefit plan items	272,926
Total deferred outflows of resources	20,885,598
 Liabilities	
Current liabilities:	
Accounts payable	6,854,738
Accrued payroll and employee benefits	731,482
Unearned revenues	329,831
Compensated absences payable	3,554,807
Financed purchases payable	160,839
Loans payable	125,540
Bonds payable	7,470,000
Total current liabilities	19,227,237
Noncurrent liabilities:	
Non-current portion of long-term obligations	200,348,708
Total noncurrent liabilities	200,348,708
Total liabilities	219,575,945
 Deferred inflows of resources	
Pension plan items	10,500,083
Other postemployment benefit plan items	1,425,093
Leases	982,727
Total deferred inflows of resources	12,907,903
 Net position	
Net investment in capital assets	177,820,026
Restricted for:	
Instruction	14,015,991
Food service	5,273,739
Non-instructional purposes	2,955,652
Debt service	3,359,175
Capital outlay	2,784,945
Other postemployment benefit plan assets	4,296,849
Unrestricted	(88,756,777)
Total net position	\$ 121,749,600

Vail Unified School District No. 20
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for	Operating Grants		Revenue and
			Services	and	
			Contributions	and	Position
				Contributions	Governmental
					Activities
Governmental activities					
Instruction	\$ 93,059,019	\$ 3,951,772	\$ 3,869,458	\$ 15,562,769	\$ (69,675,020)
Support services - students and staff	31,032,193	3,497,460	3,459,525		(24,075,208)
Support services - administration	20,167,434	523,915	372,447	204,817	(19,066,255)
Operation and maintenance of plant services	20,830,237	685,529	714	206,725	(19,937,269)
Student transportation services	9,402,094	114,062			(9,288,032)
Operation of non-instructional services	14,426,561	10,100,166	2,679,960	351,042	(1,295,393)
Interest on long-term debt	3,237,463				(3,237,463)
Total governmental activities	<u>\$ 192,155,001</u>	<u>\$ 18,872,904</u>	<u>\$ 10,382,104</u>	<u>\$ 16,325,353</u>	<u>(146,574,640)</u>
General revenues					
Property taxes					43,769,276
Investment income					1,905,246
Unrestricted state aid					116,166,434
Unrestricted federal aid					1,432,480
Total general revenues					<u>163,273,436</u>
Changes in net position					16,698,796
Net position, beginning of year					<u>105,050,804</u>
Net position, end of year					<u>\$ 121,749,600</u>

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Fund Financial Statements

Vail Unified School District No. 20
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Classroom Site</u>	<u>Other Special Revenue</u>	<u>Other Capital Projects</u>
Assets				
Cash and investments	\$ 3,342,517	\$ 7,692,039	\$ 5,970,837	\$
Property taxes receivable	398,609			
Accounts receivable	199,572		114,637	
Due from governmental entities	21,231,060		73,246	2,280,924
Due from other funds	1,062,583			
Leases receivable	1,019,175			
Total assets	<u>\$ 27,253,516</u>	<u>\$ 7,692,039</u>	<u>\$ 6,158,720</u>	<u>\$ 2,280,924</u>
Liabilities				
Accounts payable	\$ 2,872,214	\$	\$ 378,569	\$ 3,381,746
Due to other funds				1,062,583
Accrued payroll and employee benefits	511,498		107,265	
Unearned revenues	178,285			
Total liabilities	<u>3,561,997</u>		<u>485,834</u>	<u>4,444,329</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	171,715			
Unavailable revenues - intergovernmental				259,461
Leases	982,727			
Total deferred inflows of resources	<u>1,154,442</u>			<u>259,461</u>
Fund balances				
Restricted		7,692,039	5,672,886	
Unassigned	22,537,077			(2,422,866)
Total fund balances	<u>22,537,077</u>	<u>7,692,039</u>	<u>5,672,886</u>	<u>(2,422,866)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,253,516</u>	<u>\$ 7,692,039</u>	<u>\$ 6,158,720</u>	<u>\$ 2,280,924</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 15,634,683	\$ 32,640,076
144,035	542,644
	314,209
1,196,292	24,781,522
	1,062,583
	1,019,175
<u>\$ 16,975,010</u>	<u>\$ 60,360,209</u>
\$ 222,209	\$ 6,854,738
	1,062,583
112,719	731,482
151,546	329,831
<u>486,474</u>	<u>8,978,634</u>
46,649	218,364
293,395	552,856
	982,727
<u>340,044</u>	<u>1,753,947</u>
16,148,492	29,513,417
	20,114,211
<u>16,148,492</u>	<u>49,627,628</u>
<u>\$ 16,975,010</u>	<u>\$ 60,360,209</u>

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Vail Unified School District No. 20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds **\$ 49,627,628**

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

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

Governmental capital assets	\$ 374,563,262	
Less accumulated depreciation	<u>(104,809,887)</u>	
		269,753,375

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

Property taxes	218,364	
Intergovernmental	<u>552,856</u>	
		771,220

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

366,702

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

Deferred outflows of resources related to pensions/OPEB	20,518,896	
Deferred inflows of resources related to pensions/OPEB	<u>(11,925,176)</u>	
		8,593,720

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

4,296,849

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

Compensated absences payable	(7,246,668)	
Financed purchases payable	(327,372)	
Loan payable	(389,407)	
Bonds payable	(87,795,944)	
Net pension liability	<u>(115,900,503)</u>	
		<u>(211,659,894)</u>

Net position of governmental activities **\$ 121,749,600**

Vail Unified School District No. 20
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>General</u>	<u>Classroom Site</u>	<u>Federal and State Grants</u>	<u>Other Special Revenue</u>
Revenues				
Other local	\$ 6,051,034	\$ 211,067		\$ 12,160,522
Property taxes	31,307,723			
State aid and grants	101,071,067	13,971,789		
Federal aid, grants and reimbursements	<u>1,432,480</u>			<u>72,301</u>
Total revenues	<u>139,862,304</u>	<u>14,182,856</u>		<u>12,232,823</u>
Expenditures				
Current:				
Instruction	67,477,219	10,178,619		1,866,054
Support services - students and staff	22,141,267	2,518,034		1,849,681
Support services - administration	17,290,250			27,018
Operation and maintenance of plant services	19,152,841			252,732
Student transportation services	6,958,835			62,367
Operation of non-instructional services	956,303			6,993,391
Capital outlay	10,946,916			2,023,969
Debt service:				
Principal retirement	276,801			
Interest and fiscal charges	<u>33,097</u>			
Total expenditures	<u>145,233,529</u>	<u>12,696,653</u>		<u>13,075,212</u>
Excess (deficiency) of revenues over expenditures	<u>(5,371,225)</u>	<u>1,486,203</u>		<u>(842,389)</u>
Other financing sources (uses)				
Transfers in	26,290			
Transfers out				
Insurance recoveries	<u>348,087</u>			
Total other financing sources (uses)	<u>374,377</u>			
Changes in fund balances	<u>(4,996,848)</u>	<u>1,486,203</u>		<u>(842,389)</u>
Fund balances, beginning of year, previously reported	27,533,925		(4,919,398)	
Adjustments to beginning fund balances		6,205,836	4,919,398	6,515,275
Fund balances, beginning of year, as restated	<u>27,533,925</u>	<u>6,205,836</u>		<u>6,515,275</u>
Fund balances, end of year	<u>\$ 22,537,077</u>	<u>\$ 7,692,039</u>	<u>\$</u>	<u>\$ 5,672,886</u>

Bond Building	Other Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
	\$ 132,720	\$ 3,563,338	\$ 22,118,681
		12,626,088	43,933,811
	15,825,967	2,339,528	133,208,351
		13,854,068	15,358,849
	<u>15,958,687</u>	<u>32,383,022</u>	<u>214,619,692</u>
		3,136,411	82,658,303
		3,610,065	30,119,047
		374,909	17,692,177
		184,028	19,589,601
			7,021,202
		5,540,695	13,490,389
	17,780,219	9,498,726	40,249,830
		6,810,000	7,086,801
		3,882,270	3,915,367
	<u>17,780,219</u>	<u>33,037,104</u>	<u>221,822,717</u>
	<u>(1,821,532)</u>	<u>(654,082)</u>	<u>(7,203,025)</u>
		326,306	352,596
		(352,596)	(352,596)
			348,087
		<u>(26,290)</u>	<u>348,087</u>
	<u>(1,821,532)</u>	<u>(680,372)</u>	<u>(6,854,938)</u>
7,804,359		26,063,680	56,482,566
<u>(7,804,359)</u>	<u>(601,334)</u>	<u>(9,234,816)</u>	
	<u>(601,334)</u>	<u>16,828,864</u>	<u>56,482,566</u>
<u>\$</u>	<u>\$ (2,422,866)</u>	<u>\$ 16,148,492</u>	<u>\$ 49,627,628</u>

Vail Unified School District No. 20
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Changes in fund balances - total governmental funds **\$ (6,854,938)**

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

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

Expenditures for capitalized assets	\$ 32,708,764	
Less current year depreciation	<u>(9,679,825)</u>	
		23,028,939

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

Property taxes	(164,536)	
Intergovernmental	<u>(5,949,446)</u>	
		(6,113,982)

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

Financed purchase principal retirement	155,340	
Loan principal retirement	121,461	
Bond principal retirement	<u>6,810,000</u>	
		7,086,801

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

Current year pension/OPEB contributions	13,061,126	
Pension/OPEB expense	<u>(11,056,204)</u>	
		2,004,922

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

Deferred bond items on issuance of refunding debt	(152,823)	
Loss on disposal of assets	(10,260)	
Amortization of deferred bond items	830,727	
Compensated absences	<u>(3,120,590)</u>	
		<u>(2,452,946)</u>

Changes in net position in governmental activities **\$ 16,698,796**

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Vail Unified School District No. 20 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and 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, bookstore, and athletic functions.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 aid, and other items not included among program revenues are reported instead as general revenues.

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

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

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

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

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

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

The District reports the following major governmental funds:

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

Classroom Site – The Classroom Site Fund accounts for the financial activity for the portion of state sales tax collections and permanent state school fund earnings.

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

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

D. Cash and Investments

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

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

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

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

E. Investment Income

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

H. Prepaid Items

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

I. 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 the acquisition value at the date of donation.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

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

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

Land improvements	5 - 50 years
Buildings and improvements	5 - 50 years
Vehicles, furniture and equipment	5 - 27 years

J. Deferred Outflows/Inflows of Resources

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

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

K. Compensated Absences

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

L. Leases

As lessor, if there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses an interest rate based on the Applicable Federal Rate as the discount rate to measure lease receivables.

M. Pensions and Other Postemployment Benefits

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

N. Long-term Obligations

In the government-wide 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.

O. Interfund Activity

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies

P. Net Position Flow Assumption

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

Q. Estimates

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

Note 2 – Fund Balance Classifications

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

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

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 2 – Fund Balance Classifications

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	Classroom Site	Other Special Revenue	Other Capital Projects	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Debt service	\$	\$	\$	\$	\$ 3,318,195
Capital projects					2,779,276
Bond building projects					1,463,959
Voter approved initiatives		7,692,039			2,752,531
Federal and state projects					560,792
Food service					5,273,739
Civic center			773,954		
Community schools			2,180,060		
Extracurricular activities			1,604,421		
Student activities			1,043,643		
Other purposes			70,808		
Unassigned	22,537,077			(2,422,866)	
Total fund balances	<u>\$ 22,537,077</u>	<u>\$ 7,692,039</u>	<u>\$ 5,672,886</u>	<u>\$ (2,422,866)</u>	<u>\$ 16,148,492</u>

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balance – At year end, the Other Capital Projects Fund, a major governmental fund, reported a deficit of \$2,422,866 in fund balance. The deficit arose because of operations during the year and prior years. Additional revenues received in fiscal year 2025-26 are expected to eliminate the deficit.

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$4,283,626 and the bank balance was \$4,517,562. At year end, \$4,170,625 of the District’s deposits were covered by collateral held by the pledging financial institution’s trust department or agent but not in the District’s name.

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

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

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

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each 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.

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

	Average Maturities	Fair Value
County Treasurer’s investment pool	92 days	\$ 25,197,041
State Treasurer’s investment pool 7	26 days	3,159,409
Total		\$ 28,356,450

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.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 4 – Cash and Investments

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

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

Note 5 – Receivables

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

	General	Other Special Revenue	Other Capital Projects	Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Due from other governmental entities:				
Due from federal government	\$	\$	\$	\$ 650,273
Due from state government	21,194,971		2,280,924	546,019
Due from other districts	<u>36,089</u>	<u>73,246</u>		
Net due from governmental entities	<u>\$ 21,231,060</u>	<u>\$ 73,246</u>	<u>\$ 2,280,924</u>	<u>\$ 1,196,292</u>

Note 6 – Leases Receivable

The District acts as a lessor in several cell phone tower agreements, under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$95,020 and related interest revenue of \$2,667 are recorded as other local revenue in the General Fund.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 7 – Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 27,217,747	\$ 71,029	\$	\$ 27,288,776
Construction in progress	3,275,209	25,937,108	92,532	29,119,785
Total capital assets, not being depreciated	<u>30,492,956</u>	<u>26,008,137</u>	<u>92,532</u>	<u>56,408,561</u>
Capital assets, being depreciated:				
Land improvements	29,642,010	2,151,908		31,793,918
Buildings and improvements	250,075,630	3,403,383		253,479,013
Vehicles, furniture and equipment	31,736,465	1,237,868	92,563	32,881,770
Total capital assets being depreciated	<u>311,454,105</u>	<u>6,793,159</u>	<u>92,563</u>	<u>318,154,701</u>
Less accumulated depreciation for:				
Land improvements	(10,297,819)	(1,105,148)		(11,402,967)
Buildings and improvements	(72,824,402)	(6,533,291)		(79,357,693)
Vehicles, furniture and equipment	(12,090,144)	(2,041,386)	(82,303)	(14,049,227)
Total accumulated depreciation	<u>(95,212,365)</u>	<u>(9,679,825)</u>	<u>(82,303)</u>	<u>(104,809,887)</u>
Total capital assets being depreciated, net	<u>216,241,740</u>	<u>(2,886,666)</u>	<u>10,260</u>	<u>213,344,814</u>
Governmental activities capital assets, net	<u>\$ 246,734,696</u>	<u>\$ 23,121,471</u>	<u>\$ 102,792</u>	<u>\$ 269,753,375</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 6,477,342
Support services – students and staff	310,485
Support services – administration	741,013
Operation and maintenance of plant services	639,793
Student transportation services	923,936
Operation of non-instructional services	<u>587,256</u>
Total depreciation expense – governmental activities	<u>\$ 9,679,825</u>

Construction Commitments – At year end, the District had contractual commitments related to the construction of a new school and other building improvements. At year end the District had spent \$29.1 million on the projects and had estimated remaining contractual commitments of \$775,722. These projects are funded primarily with bond proceeds, School Facilities Oversight Board funding and General Fund revenues.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 8 – Loans Payable

In a prior year, the District refinanced the Civano Community Schools loan that originally funded the land and construction at that site. Funds from the General Fund are used to make principal payments.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025	Due Within One Year
Governmental activities:					
Civano Charter School Loan	\$ 1,145,050	3.33%	12/1/25-6/1/28	\$ 389,407	\$ 125,540

Year ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 125,540	\$ 11,931
2067	129,755	7,715
2028	134,112	3,359
Total	<u>\$ 389,407</u>	<u>\$ 23,005</u>

Note 9 – Financed Purchases Payable

The District has acquired buses under the provisions of a contract classified as a financed purchase payable. Revenues from the General Fund are used to pay the debt obligation.

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 160,839	\$ 11,589
2027	166,533	5,895
Total	<u>\$ 327,372</u>	<u>\$ 17,484</u>

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 10 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding school improvement and refunding bonds. The bonds are callable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District’s legal debt limit is \$333.7 million and the available margin is \$246.1 million.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025	Due Within One Year
Governmental activities:					
School Improvement Bonds and Refunding, Series 2015 (Class B)	\$ 31,205,000	3.00-5.00%	7/1/26-34	\$ 17,300,000	\$ 400,000
School Improvement Bonds and Refunding, Series 2016 (Class B)	17,595,000	2.50-5.00%	7/1/26-36	10,835,000	1,960,000
School Improvement Bonds, Series 2019 (Class B)	36,875,000	2.00-5.00%	7/1/26-38	30,115,000	2,235,000
School Improvement Bonds and Refunding, Series 2020 (Class B)	15,210,000	4.00-5.00%	7/1/26-39	10,240,000	1,515,000
Refunding, Series 2021 (Class B)	4,335,000	4.00%	7/1/27-30	4,335,000	
School Improvement Bonds, Series 2024 (Class B)	8,225,000	4.00-5.00%	7/1/26-43	7,325,000	1,360,000
Total				<u>\$ 80,150,000</u>	<u>\$ 7,470,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 7,470,000	\$ 3,559,976
2027	5,725,000	3,200,476
2028	5,920,000	2,950,424
2029	6,500,000	2,695,050
2030	5,925,000	2,406,250
2031-35	31,355,000	7,984,864
2036-40	15,850,000	1,930,050
2041-43	1,405,000	112,200
Total	<u>\$ 80,150,000</u>	<u>\$ 24,839,290</u>

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 11 – Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 86,960,000	\$	\$ 6,810,000	\$ 80,150,000	\$ 7,470,000
Premium	8,476,671		830,727	7,645,944	
Total bonds payable	<u>95,436,671</u>		<u>7,640,727</u>	<u>87,795,944</u>	<u>7,470,000</u>
Loan payable	510,868		121,461	389,407	125,540
Financed purchases payable	482,712		155,340	327,372	160,839
Net pension liability	121,855,989		5,955,486	115,900,503	
Compensated absences payable	4,126,078	3,120,590		7,246,668	3,554,807
Total long-term liabilities	<u>\$ 222,412,318</u>	<u>\$ 3,120,590</u>	<u>\$ 13,873,014</u>	<u>\$ 211,659,894</u>	<u>\$ 11,311,186</u>

Note 12 – Interfund Receivables, Payables, and Transfers

Due to/from other funds – At year end, the Other Capital Projects Fund had negative cash balances of \$1,062,583 in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers – Transfers between funds were used to (1) move investment income of \$326,306 earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund and (2) to move federal grant funds of \$26,290 restricted for indirect costs.

Note 13 – Contingent Liabilities

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

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 14 – Restatements of Beginning Balances

Change within the Financial Reporting Entity – The Classroom Site, Other Special Revenue, and Other Capital Projects Funds previously did not meet the definition of a major fund, however, in the current year the funds do meet the definition of a major fund. In addition, the Federal and State Grants and Bond Building Funds do not meet the definition of a major fund in the current year, however, in the prior year the funds did meet the definition of a major fund. These funds have been reclassified accordingly.

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

	June 30, 2024, As Previously Reported	Change within the Financial Reporting Entity	June 30, 2024, As Restated
Governmental Funds			
Major Funds:			
General	\$ 27,533,925		\$ 27,533,925
Classroom Site		6,205,836	6,205,836
Federal and State Grants	(4,919,398)	4,919,398	
Other Special Revenue		6,515,275	6,515,275
Bond Building	7,804,359	(7,804,359)	
Other Capital Projects		(601,334)	(601,334)
Non-Major Governmental Funds	<u>26,063,680</u>	<u>(9,234,816)</u>	<u>16,828,864</u>
Total Governmental Funds	<u>\$ 56,482,566</u>	<u>\$</u>	<u>\$ 56,482,566</u>

Note 15 – Risk Management

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

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

The District’s employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT 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 a monthly premium to ASBAIT for employees’ health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 15 – Risk Management

The District participates in the Arizona School Alliance for Workers’ Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers’ compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays premiums to the Alliance for its employee workers’ compensation coverage. The agreement provides that the Alliance will be self-sustaining through members’ premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

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

Note 16 – 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.

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

	Pension	OPEB	Total
Net assets	\$	\$ 4,296,849	\$ 4,296,849
Net liability	115,900,503		115,900,503
Deferred outflows of resources	20,245,970	272,926	20,518,896
Deferred inflows of resources	10,500,083	1,425,093	11,925,176
Expense	11,665,134	(608,930)	11,056,204
Contributions	12,985,691	75,435	13,061,126

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 16 – Pensions and Other Postemployment Benefits

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

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

*With actuarially reduced benefits

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 percent for long-term disability) of the members’ annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2025 were \$13.0 million.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 16 – Pensions and Other Postemployment Benefits

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

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

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

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

Net Liability	District % Proportion	Increase (Decrease)
\$ 115,900,503	0.724	(0.029)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2025 was \$11.7 million.

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 16 – Pensions and Other Postemployment Benefits

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,469,458	\$
Net difference between projected and actual earnings on pension investments		7,401,516
Changes in proportion and differences between contributions and proportionate share of contributions	790,821	3,098,567
Contributions subsequent to the measurement date	12,985,691	
Total	\$ 20,245,970	\$ 10,500,083

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

Year Ending June 30:	
2026	\$ (4,209,790)
2027	4,201,818
2028	(1,873,567)
2029	(1,358,265)

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

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 16 – Pensions and Other Postemployment Benefits

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

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

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	4.48%
Credit	23%	4.40
Interest rate sensitive	6%	(0.45)
Private equity	10%	6.11
Real estate	17%	6.05
Total	<u>100%</u>	

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

Vail Unified School District No. 20
Notes to Financial Statements
June 30, 2025

Note 16 – Pensions and Other Postemployment Benefits

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

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 177,467,369	\$ 115,900,503	\$ 64,589,895

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

Required Supplementary Information

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Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2025

	<u>Budget</u>		Non-GAAP Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 377,046	\$ 377,046
Property taxes			30,008,635	30,008,635
State aid and grants			94,613,386	94,613,386
Total revenues			<u>124,999,067</u>	<u>124,999,067</u>
Expenditures				
Current:				
Instruction	72,310,562	75,920,900	66,225,443	9,695,457
Support services - students and staff	19,119,526	19,412,003	19,450,045	(38,042)
Support services - administration	16,297,449	17,625,970	16,427,109	1,198,861
Operation and maintenance of plant services	18,082,983	18,095,782	18,897,535	(801,753)
Student transportation services	6,840,909	6,990,612	6,861,450	129,162
Operation of non-instructional services	423,211	421,040	651,279	(230,239)
Total expenditures	<u>133,074,640</u>	<u>138,466,307</u>	<u>128,512,861</u>	<u>9,953,446</u>
Changes in fund balances	<u>(133,074,640)</u>	<u>(138,466,307)</u>	<u>(3,513,794)</u>	<u>134,952,513</u>
Fund balances, beginning of year			<u>13,625,009</u>	<u>13,625,009</u>
Fund balances, end of year	<u>\$ (133,074,640)</u>	<u>\$ (138,466,307)</u>	<u>\$ 10,111,215</u>	<u>\$ 148,577,522</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 211,067	\$ 211,067
State aid and grants			13,971,789	13,971,789
Total revenues			<u>14,182,856</u>	<u>14,182,856</u>
Expenditures				
Current:				
Instruction	17,535,238	17,719,793	10,178,619	7,541,174
Support services - students and staff	2,457,651	2,457,651	2,518,034	(60,383)
Total expenditures	<u>19,992,889</u>	<u>20,177,444</u>	<u>12,696,653</u>	<u>7,480,791</u>
Changes in fund balances	<u>(19,992,889)</u>	<u>(20,177,444)</u>	<u>1,486,203</u>	<u>21,663,647</u>
Fund balances, beginning of year			<u>6,205,836</u>	<u>6,205,836</u>
Fund balances, end of year	<u>\$ (19,992,889)</u>	<u>\$ (20,177,444)</u>	<u>\$ 7,692,039</u>	<u>\$ 27,869,483</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 12,160,522	\$ 12,160,522
Federal aid, grants and reimbursements			72,301	72,301
Total revenues			<u>12,232,823</u>	<u>12,232,823</u>
Expenditures				
Current:				
Instruction	1,814,788	2,042,629	1,866,054	176,575
Support services - students and staff	1,798,865	2,024,707	1,849,681	175,026
Support services - administration	26,276	29,575	27,018	2,557
Operation and maintenance of plant services	245,789	276,647	252,732	23,915
Student transportation services	60,654	68,268	62,367	5,901
Operation of non-instructional services	6,801,262	7,655,141	6,993,391	661,750
Capital outlay	1,968,365	2,215,487	2,023,969	191,518
Total expenditures	<u>12,715,998</u>	<u>14,312,454</u>	<u>13,075,212</u>	<u>1,237,242</u>
Changes in fund balances	<u>(12,715,998)</u>	<u>(14,312,454)</u>	<u>(842,389)</u>	<u>13,470,065</u>
Fund balances, beginning of year			<u>6,515,275</u>	<u>6,515,275</u>
Fund balances, end of year	<u>\$ (12,715,998)</u>	<u>\$ (14,312,454)</u>	<u>\$ 5,672,886</u>	<u>\$ 19,985,340</u>

Vail Unified School District No. 20
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
District's proportion of the net pension (assets) liability	0.72%	0.75%	0.74%	0.69%
District's proportionate share of the net pension (assets) liability	\$ 115,900,503	\$ 121,855,989	\$ 120,051,567	\$ 91,158,298
District's covered payroll	\$ 101,162,494	\$ 98,222,341	\$ 87,531,490	\$ 77,839,828
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	114.57%	124.06%	137.15%	117.11%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 12,985,691	\$ 12,169,848	\$ 11,708,103	\$ 10,512,532
Contributions in relation to the actuarially determined contribution	<u>12,985,691</u>	<u>12,169,848</u>	<u>11,708,103</u>	<u>10,512,532</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 107,765,071	\$ 101,162,494	\$ 98,222,341	\$ 87,531,490
Contributions as a percentage of covered payroll	12.05%	12.03%	11.92%	12.01%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
0.68%	0.68%	0.67%	0.64%	0.59%	0.58%
\$ 117,631,477	\$ 99,334,973	\$ 92,891,930	\$ 100,173,097	\$ 95,281,964	\$ 89,821,986
\$ 74,094,410	\$ 69,587,496	\$ 66,233,083	\$ 62,667,570	\$ 55,199,014	\$ 52,907,961
158.76%	142.75%	140.25%	159.85%	172.62%	169.77%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 9,068,340	\$ 8,483,810	\$ 7,779,882	\$ 7,219,406	\$ 6,755,564	\$ 5,989,093
<u>9,068,340</u>	<u>8,483,810</u>	<u>7,779,882</u>	<u>7,219,406</u>	<u>6,755,564</u>	<u>5,989,093</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 77,839,828	\$ 74,094,410	\$ 69,587,496	\$ 66,233,083	\$ 62,667,570	\$ 55,199,014
11.65%	11.45%	11.18%	10.90%	10.78%	10.85%

Vail Unified School District No. 20
Notes to Required Supplementary Information
June 30, 2025

Note 1 – Budgetary Basis of Accounting

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

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

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

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

	<u>Total</u>	<u>Fund</u>
	<u>Expenditures</u>	<u>Balances</u>
		<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances - Governmental Funds	\$ 145,233,529	\$ 22,537,077
Other funds presented in the General Fund	(17,032,323)	(9,356,507)
Employee insurance account	<u>311,655</u>	<u>(3,069,355)</u>
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 128,512,861</u>	<u>\$ 10,111,215</u>

Note 2 – Pension Plan Schedules

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

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

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

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Governmental Funds

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Non-Major Governmental Funds

Special Revenue Funds

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

Federal and State Grants – to account for financial assistance received for federal and state grants and projects.

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

Debt Service Fund

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

Capital Projects Funds

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

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

Vail Unified School District No. 20
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>Instructional Improvement</u>	<u>Federal and State Grants</u>	<u>Food Service</u>	<u>Debt Service</u>
Assets				
Cash and investments	\$ 2,296,408	\$ 465,150	\$ 5,273,739	\$ 3,235,534
Property taxes receivable				123,641
Due from governmental entities	<u>535,557</u>	<u>660,735</u>		
Total assets	<u>\$ 2,831,965</u>	<u>\$ 1,125,885</u>	<u>\$ 5,273,739</u>	<u>\$ 3,359,175</u>
Liabilities				
Accounts payable	\$	\$ 86,867	\$	\$
Accrued payroll and employee benefits	79,434	33,285		
Unearned revenues		<u>151,546</u>		
Total liabilities	<u>79,434</u>	<u>271,698</u>		
Deferred inflows of resources				
Unavailable revenues - property taxes				40,980
Unavailable revenues - intergovernmental		<u>293,395</u>		
Total deferred inflows of resources		<u>293,395</u>		<u>40,980</u>
Fund balances				
Restricted	<u>2,752,531</u>	<u>560,792</u>	<u>5,273,739</u>	<u>3,318,195</u>
Total fund balances	<u>2,752,531</u>	<u>560,792</u>	<u>5,273,739</u>	<u>3,318,195</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,831,965</u>	<u>\$ 1,125,885</u>	<u>\$ 5,273,739</u>	<u>\$ 3,359,175</u>

<u>Capital Projects Funds</u>		<u>Total Non-Major Governmental Funds</u>
<u>Adjacent Ways</u>	<u>Bond Building</u>	
\$ 2,876,099	\$ 1,487,753	\$ 15,634,683
20,394		144,035
		1,196,292
<u>\$ 2,896,493</u>	<u>\$ 1,487,753</u>	<u>\$ 16,975,010</u>
\$ 111,548	\$ 23,794	\$ 222,209
		112,719
		151,546
<u>111,548</u>	<u>23,794</u>	<u>486,474</u>
5,669		46,649
		293,395
<u>5,669</u>		<u>340,044</u>
2,779,276	1,463,959	16,148,492
<u>2,779,276</u>	<u>1,463,959</u>	<u>16,148,492</u>
<u>\$ 2,896,493</u>	<u>\$ 1,487,753</u>	<u>\$ 16,975,010</u>

Vail Unified School District No. 20
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

Special Revenue Funds

	Classroom Site	Instructional Improvement	Federal and State Grants	Food Service
Revenues				
Other local		\$ 107,805	\$ 1,910	\$ 2,929,827
Property taxes				
State aid and grants		1,123,578	1,186,452	29,498
Federal aid, grants and reimbursements			10,944,603	2,909,465
Total revenues		<u>1,231,383</u>	<u>12,132,965</u>	<u>5,868,790</u>
Expenditures				
Current:				
Instruction		788,036	2,348,375	
Support services - students and staff		192,953	3,417,112	
Support services - administration		4,632	367,881	2,396
Operation and maintenance of plant services			175,798	8,230
Operation of non-instructional services			19,496	5,521,199
Capital outlay		20,520	297,823	351,042
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures		<u>1,006,141</u>	<u>6,626,485</u>	<u>5,882,867</u>
Excess (deficiency) of revenues over expenditures		<u>225,242</u>	<u>5,506,480</u>	<u>(14,077)</u>
Other financing sources (uses)				
Transfers in				
Transfers out			(26,290)	
Total other financing sources (uses)			<u>(26,290)</u>	
Changes in fund balances		<u>225,242</u>	<u>5,480,190</u>	<u>(14,077)</u>
Fund balances, beginning of year, previously reported	6,205,836	2,527,289		5,287,816
Adjustments to beginning fund balances	(6,205,836)		(4,919,398)	
Fund balances, beginning of year, as restated		<u>2,527,289</u>	<u>(4,919,398)</u>	<u>5,287,816</u>
Fund balances, end of year	<u>\$</u>	<u>\$ 2,752,531</u>	<u>\$ 560,792</u>	<u>\$ 5,273,739</u>

Special Revenue Funds	Debt Service Fund	Capital Projects Funds			Total Non-Major Governmental Funds
Other Special Revenue	Debt Service	Adjacent Ways	Bond Building	Other Capital Projects	
	\$ 156,642	\$ 16,797	\$ 350,357		\$ 3,563,338
	10,821,248	1,804,840			12,626,088
					2,339,528
					13,854,068
	<u>10,977,890</u>	<u>1,821,637</u>	<u>350,357</u>		<u>32,383,022</u>
					3,136,411
					3,610,065
					374,909
					184,028
					5,540,695
		2,464,890	6,364,451		9,498,726
	6,810,000				6,810,000
	3,882,270				3,882,270
	<u>10,692,270</u>	<u>2,464,890</u>	<u>6,364,451</u>		<u>33,037,104</u>
	285,620	(643,253)	(6,014,094)		(654,082)
	326,306				326,306
			(326,306)		(352,596)
	<u>326,306</u>		<u>(326,306)</u>		<u>(26,290)</u>
	611,926	(643,253)	(6,340,400)		(680,372)
6,515,275	2,706,269	3,422,529		(601,334)	26,063,680
(6,515,275)			7,804,359	601,334	(9,234,816)
	<u>2,706,269</u>	<u>3,422,529</u>	<u>7,804,359</u>		<u>16,828,864</u>
<u>\$</u>	<u>\$ 3,318,195</u>	<u>\$ 2,779,276</u>	<u>\$ 1,463,959</u>	<u>\$</u>	<u>\$ 16,148,492</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 107,805	\$ 107,805
State aid and grants		<u>1,123,578</u>	<u>1,123,578</u>
Total revenues		<u>1,231,383</u>	<u>1,231,383</u>
Expenditures			
Current:			
Instruction	1,945,280	788,036	1,157,244
Support services - students and staff	476,308	192,953	283,355
Support services - administration	11,434	4,632	6,802
Capital outlay	<u>50,654</u>	<u>20,520</u>	<u>30,134</u>
Total expenditures	<u>2,483,676</u>	<u>1,006,141</u>	<u>1,477,535</u>
Changes in fund balances	<u>(2,483,676)</u>	<u>225,242</u>	<u>2,708,918</u>
Fund balances, beginning of year		<u>2,527,289</u>	<u>2,527,289</u>
Fund balances, end of year	<u>\$ (2,483,676)</u>	<u>\$ 2,752,531</u>	<u>\$ 5,236,207</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 1,910	\$ 1,910
State aid and grants			1,186,452	1,186,452
Federal aid, grants and reimbursements			10,944,603	10,944,603
Total revenues			<u>12,132,965</u>	<u>12,132,965</u>
Expenditures				
Current:				
Instruction	2,123,842	2,537,191	2,348,375	188,816
Support services - students and staff	3,090,394	3,691,857	3,417,112	274,745
Support services - administration	332,707	397,460	367,881	29,579
Operation and maintenance of plant services	158,990	189,933	175,798	14,135
Operation of non-instructional services	17,632	21,064	19,496	1,568
Capital outlay	269,347	321,769	297,823	23,946
Total expenditures	<u>5,992,912</u>	<u>7,159,273</u>	<u>6,626,485</u>	<u>532,788</u>
Excess (deficiency) of revenues over expenditures	<u>(5,992,912)</u>	<u>(7,159,273)</u>	<u>5,506,480</u>	<u>12,665,753</u>
Other financing sources (uses)				
Transfers out			(26,290)	(26,290)
Total other financing sources (uses)			<u>(26,290)</u>	<u>(26,290)</u>
Changes in fund balances	<u>(5,992,912)</u>	<u>(7,159,273)</u>	<u>5,480,190</u>	<u>12,639,463</u>
Fund balances, beginning of year			<u>(4,919,398)</u>	<u>(4,919,398)</u>
Fund balances, end of year	<u>\$ (5,992,912)</u>	<u>\$ (7,159,273)</u>	<u>\$ 560,792</u>	<u>\$ 7,720,065</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 2,929,827	\$ 2,929,827
State aid and grants		29,498	29,498
Federal aid, grants and reimbursements		<u>2,909,465</u>	<u>2,909,465</u>
Total revenues		<u>5,868,790</u>	<u>5,868,790</u>
Expenditures			
Current:			
Support services - students and staff			
Support services - administration	2,647	2,396	251
Operation and maintenance of plant services	9,093	8,230	863
Operation of non-instructional services	6,100,392	5,521,199	579,193
Capital outlay	<u>387,868</u>	<u>351,042</u>	<u>36,826</u>
Total expenditures	<u>6,500,000</u>	<u>5,882,867</u>	<u>617,133</u>
Changes in fund balances	<u>(6,500,000)</u>	<u>(14,077)</u>	<u>6,485,923</u>
Fund balances, beginning of year		<u>5,287,816</u>	<u>5,287,816</u>
Fund balances, end of year	<u>\$ (6,500,000)</u>	<u>\$ 5,273,739</u>	<u>\$ 11,773,739</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 156,642	\$ 156,642
Property taxes		<u>10,821,248</u>	<u>10,821,248</u>
Total revenues		<u>10,977,890</u>	<u>10,977,890</u>
Expenditures			
Debt service:			
Principal retirement	6,810,000	6,810,000	
Interest and fiscal charges	<u>3,879,825</u>	<u>3,882,270</u>	<u>(2,445)</u>
Total expenditures	<u>10,689,825</u>	<u>10,692,270</u>	<u>(2,445)</u>
Excess (deficiency) of revenues over expenditures	<u>(10,689,825)</u>	<u>285,620</u>	<u>10,975,445</u>
Other financing sources (uses)			
Transfers in		<u>326,306</u>	<u>326,306</u>
Total other financing sources (uses)		<u>326,306</u>	<u>326,306</u>
Changes in fund balances	<u>(10,689,825)</u>	<u>611,926</u>	<u>11,301,751</u>
Fund balances, beginning of year		<u>2,706,269</u>	<u>2,706,269</u>
Fund balances, end of year	<u>\$ (10,689,825)</u>	<u>\$ 3,318,195</u>	<u>\$ 14,008,020</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 16,797	\$ 16,797
Property taxes		<u>1,804,840</u>	<u>1,804,840</u>
Total revenues		<u>1,821,637</u>	<u>1,821,637</u>
Expenditures			
Capital outlay		<u>4,900,000</u>	<u>2,464,890</u>
Total expenditures		<u>4,900,000</u>	<u>2,435,110</u>
Changes in fund balances		<u>(4,900,000)</u>	<u>4,256,747</u>
Fund balances, beginning of year		<u>3,422,529</u>	<u>3,422,529</u>
Fund balances, end of year	<u>\$ (4,900,000)</u>	<u>\$ 2,779,276</u>	<u>\$ 7,679,276</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2025

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$ _____	\$ 350,357	\$ 350,357
Total revenues	<u>_____</u>	<u>350,357</u>	<u>350,357</u>
Expenditures			
Capital outlay	7,708,200	6,364,451	1,343,749
Total expenditures	<u>7,708,200</u>	<u>6,364,451</u>	<u>1,343,749</u>
Excess (deficiency) of revenues over expenditures	<u>(7,708,200)</u>	<u>(6,014,094)</u>	<u>1,694,106</u>
Other financing sources (uses)			
Transfers out	_____	(326,306)	(326,306)
Total other financing sources (uses)	<u>_____</u>	<u>(326,306)</u>	<u>(326,306)</u>
Changes in fund balances	<u>(7,708,200)</u>	<u>(6,340,400)</u>	<u>1,367,800</u>
Fund balances, beginning of year	_____	7,804,359	7,804,359
Fund balances, end of year	<u>\$ (7,708,200)</u>	<u>\$ 1,463,959</u>	<u>\$ 9,172,159</u>

Vail Unified School District No. 20
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 132,720	\$ 132,720
State aid and grants			15,825,967	15,825,967
Total revenues			<u>15,958,687</u>	<u>15,958,687</u>
Expenditures				
Capital outlay	20,334,808	20,456,808	17,780,219	2,676,589
Total expenditures	<u>20,334,808</u>	<u>20,456,808</u>	<u>17,780,219</u>	<u>2,676,589</u>
Changes in fund balances	<u>(20,334,808)</u>	<u>(20,456,808)</u>	<u>(1,821,532)</u>	<u>18,635,276</u>
Fund balances, beginning of year			<u>(601,334)</u>	<u>(601,334)</u>
Fund balances, end of year	<u>\$ (20,334,808)</u>	<u>\$ (20,456,808)</u>	<u>\$ (2,422,866)</u>	<u>\$ 18,033,942</u>

CITY OF TUCSON, ARIZONA

The following information concerning the City is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently, no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE CITY. The Bonds will be direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The City is located in south-central Arizona and serves as the county seat of the County. The City encompasses approximately 226 square miles and is the population center for the County and southern Arizona.

The following table illustrates population statistics for the City.

POPULATION STATISTICS

	<u>City of Tucson</u>
2025 Estimate (a)	557,901
2020 Census	542,629
2010 Census	520,116
2000 Census	486,699
1990 Census	405,371
1980 Census	330,537

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

The City was established in 1822 and incorporated in 1877. The City operates pursuant to a council/manager form of government. In 1929, the Mayor and Council of the City amended the original City Charter, which was adopted in 1883, and implemented a ward system for City Council elections. Primary elections are conducted at the ward level to elect representatives to run in the general election. In the general election, a representative from each ward is elected from the candidates selected in the ward primaries. The Mayor is elected at large and, along with members of the Council, serves a four-year term.

The Mayor and Council are responsible for establishing City policies. The Mayor and Council appoint the City Manager who has full responsibility for carrying out policies of the Mayor and Council and administering day-to-day operations of the City.

Employment

A partial list of major employers located within Tucson is set forth in the following table.

MAJOR EMPLOYERS City of Tucson, Arizona

Employer	Description	Approximate Number of Employees
University of Arizona	Education	14,810
Raytheon Company	Defense	13,380
United States Department of the Air Force	Government	9,770
Banner Health	Health Care	7,350
Tucson Medical Center	Health Care	6,720
City of Tucson	Government	4,360
Tucson Unified School District	Education	3,760
State of Arizona	Government	3,570
Pima County	Government	3,300
Amazon	Retail	3,290

Source: *Arizona COG/MPO Employer Database*, Maricopa Association of Governments. Data accessed February 2026.

The table below illustrates the unemployment rate averages for Tucson.

UNEMPLOYMENT RATE AVERAGES City of Tucson, Arizona

Calendar Year	City of Tucson (a)
2025 (b)	4.3%
2024	3.6
2023	3.7
2022	3.9
2021	5.5
2020	8.2

(a) *Each year, historical estimates from the Local Area Unemployment Statistics (“LAUS”) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.*

(b) *Data through December 2025.*

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates transaction privilege (sales) tax collections for Tucson.

**MUNICIPAL PRIVILEGE (SALES) TAX COLLECTIONS
City of Tucson, Arizona**

Fiscal Year	Amount
2025/26 (a)	\$282,165,360
2024/25	474,587,997
2023/24	476,538,460
2022/23	456,848,137
2021/22	434,284,418
2020/21	383,545,010

(a) Data through January 2026.

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

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PIMA COUNTY, ARIZONA

The following information concerning the County is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently, no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE COUNTY. The Bonds will be direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The County is located in the southern portion of the State, with a section of its southern boundary bordering Mexico. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with a 2025 estimated population of 1,093,761. Approximately 51% of the County's population resides in the City, the County seat of government and southern Arizona's largest city.

The County encompasses approximately 9,184 square miles.

**LAND OWNERSHIP
Pima County, Arizona**

Control/Ownership	Percent of Land in County
Indian Reservation	42%
State of Arizona	15
Other Public Lands	17
Individual or Corporation	14
U.S. Forest Service and Bureau of Land Management	12
Total	<u>100%</u>

Source: *Arizona County Profiles*, Arizona Commerce Authority.

Municipal Government and Organization

The governmental and administrative affairs of the County are carried out by a Board of Supervisors comprised of five members, each of whom serve four-year terms. The Board of Supervisors appoints a Chief Administrative Officer who is responsible for carrying out policies of the Board of Supervisors and administering operations of the County.

Located within the County are the cities of Tucson and South Tucson, Arizona, and the towns of Marana, Oro Valley and Sahuarita, Arizona.

The following table illustrates respective population statistics for the principal communities located within the County, the County and the State.

POPULATION STATISTICS

<u>Year</u>	<u>City of Tucson</u>	<u>City of South Tucson</u>	<u>Town of Marana</u>	<u>Town of Oro Valley</u>	<u>Town of Sahuarita</u>	<u>Pima County</u>	<u>State of Arizona</u>
2025 Estimate (a)	557,901	4,535	66,736	48,967	38,421	1,093,761	7,718,747
2020 Census	542,629	4,613	51,908	47,070	34,134	1,043,433	7,151,502
2010 Census	520,116	5,652	34,961	41,011	25,259	980,263	6,392,017
2000 Census	486,699	5,490	13,556	29,700	3,242	843,746	5,130,632
1990 Census	405,371	5,171	2,187	6,670	1,629	666,957	3,665,339
1980 Census	330,537	6,554	1,674	1,489	N/A	531,443	2,716,546

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Economy

The County’s economy is based on high technology manufacturing, light manufacturing and commercial activities (including construction and trade), tourism, government and agriculture. The table below illustrates the employment structure of the County.

**NON-AGRICULTURAL EMPLOYMENT STRUCTURE
Pima County, Arizona**

	<u>2025 Percent of Total</u>
Mining and construction	5.1%
Manufacturing	7.1
Trade, transportation and utilities	17.4
Information	1.3
Financial activities	4.5
Professional and Business Services	11.0
Educational and Health Services	18.7
Leisure and Hospitality	11.5
Services and miscellaneous	3.9
Government	19.6
Total	<u>100.0%</u>

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

LABOR FORCE AND NONFARM EMPLOYMENT
Pima County, Arizona

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Mining and Construction	20,300	23,400	22,500	21,800	20,000
Manufacturing	27,900	28,800	28,400	28,000	27,700
Trade, Transportation and Utilities	68,800	70,200	71,000	71,300	68,900
Information	5,000	5,100	5,400	5,400	5,000
Financial Activities	17,700	17,200	18,200	19,300	19,000
Professional and Business Services	43,300	44,000	47,400	48,700	47,600
Educational and Health Services	74,100	71,100	69,400	67,000	66,900
Leisure and Hospitality	45,500	44,500	44,900	43,600	39,200
Other Services	15,300	14,800	14,600	14,200	13,100
Government	77,500	79,200	78,600	76,000	74,100
	<u>395,400</u>	<u>398,300</u>	<u>400,400</u>	<u>395,300</u>	<u>381,500</u>

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The following table illustrates the unemployment rate averages for the County, the State and the United States of America.

UNEMPLOYMENT RATE AVERAGES

<u>Calendar Year</u>	<u>Pima County (a)</u>	<u>State of Arizona (a)</u>	<u>United States of America</u>
2025 (b)	4.3%	4.2%	4.3%
2024	3.6	3.6	4.0
2023	3.8	3.9	3.6
2022	3.8	3.8	3.6
2021	5.1	5.1	5.4
2020	7.6	7.8	8.1

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and reestimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, reestimation, and controlling to new statewide totals.

(b) Data through December 2025.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics and the U.S. Bureau of Labor Statistics.

Retail Sales

The following table illustrates retail sales for the County.

TAXABLE RETAIL SALES
Pima County, Arizona
(\$000s omitted)

Calendar Year	Taxable Retail Sales (a)
2026 (b)	\$ 1,356,295
2025	13,055,871
2024	12,949,522
2023	12,910,158
2022	12,499,526
2021	11,804,291

(a) *The statutory definition of "Retail Sales" is the business of selling tangible personal property at retail. Therefore, this class does not include services or hotels, restaurants or food sales.*

(b) *Data through January 2026.*

Source: Arizona Department of Revenue, Office of Economic Research and Analysis.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS
Pima County, Arizona
(\$ in millions)

Fiscal Year	Amount
2025	\$ 18,635
2024	19,193
2023	20,394
2022	22,954
2021	20,558

Source: Federal Deposit Insurance Corporation.

FORM OF APPROVING LEGAL OPINION

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

Governing Board
Vail Unified School District No. 20
of Pima County, Arizona

Re: Vail Unified School District No. 20 of Pima County, Arizona Refunding Bonds, Series 2026

We have examined copies of the proceedings of the Governing Board of Vail Unified School District No. 20 of Pima County, Arizona (the "District"), and other proofs submitted to us relative to the sale and issuance of:

\$23,740,000*
VAIL UNIFIED SCHOOL DISTRICT NO. 20
OF PIMA COUNTY, ARIZONA
REFUNDING BONDS, SERIES 2026
(the "Bonds")

The Bonds are dated the date hereof and as issued bear interest evidenced by the Bonds (payable July 1, 2026*, and semiannually thereafter on January 1 and July 1) at the rates per annum, and mature on July 1 of each year, in the years and amounts, as follows:

Year	Principal Amount	Interest Rate
------	------------------	---------------

\$15,430,000* aggregate principal amount of the Bonds maturing in the years 2026 through and including 2036, respectively, are the "2026A Bonds" and \$8,355,000* aggregate principal amount of the Bonds maturing in the years 2026 through and including 2033, respectively, are the "2026B Bonds."

In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinion rendered herein below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

We are of the opinion that such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Constitution and laws of the State of Arizona now in force, and particularly the provisions of Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended, and that the Bonds are valid and legally binding obligations of the District, all of the taxable property within which is subject to the levy of a tax, without limitation as to rate, to pay the principal of and interest on the Bonds, but limited to a total amount not greater than the total aggregate principal and interest to become due on the bonds being refunded with proceeds of the sale of the Bonds (the “Bonds Being Refunded”) from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. The net proceeds of the Bonds have been invested in obligations issued by or guaranteed by the United States government (the “Government Obligations”) which mature with interest so as to provide funds to pay when due, or called for redemption, the Bonds Being Refunded together with interest thereon, and such proceeds and obligations have been deposited in the respective principal and interest redemption funds, and shall be held in trust for the payment of, the Bonds Being Refunded with interest on maturity or upon an available redemption date. The owners of the 2026A Bonds must rely on the sufficiency of the monies and the Government Obligations held in trust for payment of the Bonds Being Refunded with proceeds of the 2026A Bonds. The owners of the Bonds Being Refunded with proceeds of the 2026B Bonds must rely on the sufficiency of the monies and the Government Obligations held in trust for the payment of the Bonds Being Refunded with proceeds of the 2026B Bonds. After the deposit of the monies and the Government Obligations to the trust for payment of the Bonds Being Refunded with proceeds of the 2026B Bonds, all obligations of the District to levy a tax for the payment of the Bonds Being Refunded with proceeds of the 2026B Bonds shall cease and terminate. The issuance of the 2026A Bonds shall in no way infringe upon the rights of the owners of the Bonds Being Refunded with proceeds of the 2026A Bonds to rely upon a tax levy for the payment of principal of and interest on the Bonds Being Refunded with proceeds of the 2026A Bonds if the monies and the Government Obligations held in trust prove insufficient. The Bonds Being Refunded with proceeds of the 2026B Bonds shall in no way infringe upon the rights of the owners of the 2026B Bonds to rely upon a tax levy for the payment of principal of and interest on the 2026B Bonds if the monies and the Government Obligations held in trust prove insufficient.

Under existing statutes, regulations, rulings and court decisions, subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”) on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income. (We express no opinion regarding other federal or state tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds.) The Code includes requirements which the District must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the District to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Governing Board of the District has resolved in the resolution authorizing the issuance of the Bonds adopted by the Governing Board of the District on March 10, 2026, to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the same limitations in the penultimate paragraph hereof, the District has full legal power and authority to comply with such covenants.) In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

The rights of the owners of the Bonds and the enforceability of those rights may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights. The enforcement of such rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity.

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

\$23,740,000*

VAIL UNIFIED SCHOOL DISTRICT NO. 20
OF PIMA COUNTY, ARIZONA
REFUNDING BONDS, SERIES 2026

(BASE CUSIP IDENTIFICATION NO. 721893)

This Continuing Disclosure Undertaking (this “Disclosure Undertaking”) is executed and delivered by Vail Unified School District No. 20 of Pima County, Arizona (the “School District”), in connection with the \$23,740,000* aggregate principal amount of Refunding Bonds, Series 2026 (the “Series 2026 Bonds”). The Series 2026 Bonds are being issued pursuant to a resolution adopted by the Governing Board of the School District on March 10, 2026 (the “Bond Resolution”). The School District covenants and agrees as follows:

SECTION 1. Definitions. In addition to the definitions set forth hereinabove, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2026 Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the School District, or any successor Dissemination Agent designated in writing by the School District and which has filed with the School District a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Undertaking, information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Undertaking.

“MSRB” shall mean Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final Official Statement, dated _____, 2026, for the Series 2026 Bonds.

“Participating Underwriters” shall mean the original underwriters of the Series 2026 Bonds required to comply with the Rule in connection with the offering of the Series 2026 Bonds.

* *Subject to change.*

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Arizona.

SECTION 2. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the School District for the benefit of the Beneficial Owners and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 3. Provision of Annual Reports.

(a) Subject to annual appropriation to cover the costs of preparation and mailing thereof, the School District shall, or shall cause the Dissemination Agent to, not later than February 1 following the end of the School District’s fiscal year (presently June 30), commencing with the Annual Report for the 2025/26 Fiscal Year, provide through EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the School District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to the date on which the Annual Report shall be provided through EMMA pursuant to subsection (a), the School District shall provide the Annual Report to the Dissemination Agent (if other than the School District). If the School District is unable to provide through EMMA an Annual Report by the date required in subsection (a), the School District shall send a notice on the form provided through EMMA for such purpose not more than ten (10) business days after the date on which the Annual Report is due.

(c) The Dissemination Agent shall, if the Dissemination Agent is other than the School District, file a report with the School District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided.

SECTION 4. Content of Annual Reports. The School District’s Annual Report shall contain or include by reference the following:

(a) If available at the time of such filing, the audited financial statements of the School District for the prior fiscal year, prepared in accordance with generally accepted auditing standards. If the School District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report within 30 days of the date they become available.

(b) Additional financial information and operating data of the type included with respect to the School District in the following tables in APPENDIX A – “THE DISTRICT – DISTRICT INFORMATION” and APPENDIX B – “THE DISTRICT – FINANCIAL INFORMATION” to the Official Statement:

- TABLE 2 – Average Daily Membership;
- TABLE 6 – Property Taxes Levied and Collected;
- TABLE 8 – Net Limited Assessed Property Value by Property Classification;
- TABLE 9 – Net Limited Assessed Property Value of Major Taxpayers; and
- TABLES 14 and 15 – Constitutional / Statutory Debt Limit / Unused Borrowing Capacity after Bond Issuance.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, but subject to annual appropriation to cover the costs of preparation and mailing thereof, the School District shall give, or cause to be given in a timely manner, but not more than ten (10) business days thereafter, through EMMA notice of the occurrence of any of the following events with respect to the Series 2026 Bonds:

1. Principal and interest payment delinquencies,
2. Nonpayment related defaults, if material,
3. Unscheduled draws on debt service reserves, if any, reflecting financial difficulties,
4. Unscheduled draws on credit enhancements reflecting financial difficulties,
5. Substitution of the credit or liquidity providers or their failure to perform,
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the Series 2026 Bonds or other material events affecting the tax status of the Series 2026 Bonds,
7. Modifications to rights of holders of the Series 2026 Bonds, if material,
8. Bond calls, if material, or tender offers,
9. Defeasances,
10. Release, substitution or sale of property securing repayment of the Series 2026 Bonds, if material,
11. Rating changes,
12. Bankruptcy, insolvency, receivership or similar events of the School District, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District,
13. The consummation of a merger, consolidation or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material,
15. Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material,

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the School District, any of which reflect financial difficulties, and

17. Notice of a failure of the School District to provide required annual financial information on or before the date specified in Section 3 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

SECTION 6. Termination of Reporting Obligation. The School District’s obligations under this Disclosure Undertaking shall terminate (A) upon the legal defeasance, prior redemption or payment in full of all of the Series 2026 Bonds, or (B) upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action. If termination pursuant to (A) occurs prior to the final maturity of the Series 2026 Bonds, the School District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the School District pursuant to this Disclosure Undertaking.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the School District may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2026 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized securities law counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized securities law counsel, materially impair the interests of the Beneficial Owners.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the School District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the School District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the School District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Undertaking, any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the School District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Non-Appropriation. The performance by the District of its obligations in this Disclosure Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the District to comply with its covenants under this Disclosure Undertaking due to a failure to appropriate the necessary funds, the District covenants to provide prompt notice of such fact to the MSRB through EMMA.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the School District, the Dissemination Agent, the Participating Underwriters and the Beneficial Owners from time to time of the Series 2026 Bonds, and shall create no rights in any other person or entity.

Dated: [Closing Date]

VAIL UNIFIED SCHOOL DISTRICT NO. 20 OF PIMA COUNTY,
ARIZONA

By
President, Governing Board

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BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.