

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**

**TUCSON, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Issued by:  
Financial Services Department

# TUCSON UNIFIED SCHOOL DISTRICT NO. 1

## TABLE OF CONTENTS

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	i
ASBO Certificate of Excellence	ix
GFOA Certificate of Achievement	x
Organizational Chart	xi
List of Principal Officials	xii
 <b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	5
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net position	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	28
Statement of Net position – Proprietary Fund	29

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**

**TABLE OF CONTENTS (Cont'd)**

<b><u>FINANCIAL SECTION</u> (Cont'd)</b>	<b><u>Page</u></b>
<b>BASIC FINANCIAL STATEMENTS (Concl'd)</b>	
Statement of Revenues, Expenses and Changes in Fund Net position – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Assets and Liabilities – Fiduciary Funds	32
Notes to Financial Statements	33
<b>SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information)</b>	
General Fund	56
Title I Grants Fund	57
Special Education Grants Fund	58
Note to Required Supplementary Information	59
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>Governmental Funds:</b>	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	65
<b>Special Revenue Funds:</b>	
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	86

# TUCSON UNIFIED SCHOOL DISTRICT NO. 1

## TABLE OF CONTENTS (Cont'd)

<b><u>FINANCIAL SECTION (Concl'd)</u></b>	<b><u>Page</u></b>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Concl'd)	
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	112
Capital Projects Funds:	
Combining Balance Sheet	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	116
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	118
Internal Service Funds:	
Combining Statement of Net position	126
Combining Statement of Revenues, Expenses and Changes in Fund Net position	127
Combining Statement of Cash Flows	128
Agency Funds:	
Combining Statement of Assets and Liabilities	130
Combining Statement of Changes in Assets and Liabilities	132
<b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net position by Component	137
Expenses, Program Revenues, and Net (Expense)/Revenue	138
General Revenues and Total Changes in Net position	140
Fund Balances – Governmental Funds	142

# TUCSON UNIFIED SCHOOL DISTRICT NO. 1

## TABLE OF CONTENTS (Concl'd)

<u>STATISTICAL SECTION (Concl'd)</u>	<u>Page</u>
Governmental Funds Revenues	144
Governmental Funds Expenditures and Debt Service Ratio	146
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	148
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	149
Assessed Value and Estimated Actual Value of Taxable Property by Class	150
Property Tax Assessment Ratios	151
Direct and Overlapping Property Tax Rates	152
Principal Property Taxpayers	153
Property Tax Levies and Collections	154
Debt Capacity:	
Outstanding Debt by Type	155
Direct and Overlapping Governmental Activities Debt	156
Legal Debt Margin Information	157
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	158
Principal Employers	159
Operating Information:	
Full-Time Equivalent District Employees by Type	160
Operating Statistics	162
Capital Assets Information	163

(This page intentionally left blank)

## **INTRODUCTORY SECTION**



(This page intentionally left blank)



Tucson Unified School District

Office of the  
Deputy Superintendent of Operations

Yousef Awwad, CPA, MBA, CGMA, PMP

*"Delivering Excellence in Education Every Day"*  
*Grow - Reach - Succeed*

---

December 27, 2013

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

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Tucson Unified School District No. 1 (District) for the fiscal year ended June 30, 2013.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

## **PROFILE OF THE DISTRICT**

Tucson Unified School District (TUSD) is the oldest district in Arizona and was first created by a territorial board of supervisors on November 18, 1867 before Arizona was even a state in the union. TUSD is one of 18 public school districts located in Pima County and, ultimately, was formed by the unification of Tucson Elementary School District No. 1 and Tucson High School District No. 1 on July 1, 1976. TUSD provides public education services to an estimated 51,500 students from Pre-Kindergarten through grade 12. Projected enrollment for the 2013-14 school year is 49,900 students. District schools are spread over 230 square miles of the metropolitan Tucson area and certain unincorporated areas of the County. The average age of school structures is 40 years.

TUSD is the second largest school district in Arizona and the 67th largest school district in the United States. The District offers extensive educational programs, such as Advanced Learning Experiences, Career and Technical Education, Gifted and Talented Education, fine arts, bilingual and multicultural education, in traditional comprehensive schools, magnet schools, and alternative programs. The District is also a member of the Pima County Joint Technological District (JTED). Approximately 70 percent of District enrollment in 2012-13 was students from minority ethnic groups and more than 80 world languages are spoken in the district.

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

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

The Governing Board consists of five members, each of whom is elected for a four-year term on a staggered basis. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. 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, and extracurricular activities.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy.** The economy of the District is centered on Pima County, which has a population of nearly 1.0 million. The City of Tucson encompasses approximately 227 square miles. Principal economic activities within the district include manufacturing, services, government, education, and tourism. Some of Tucson's largest employers are listed in the Statistical Section of this Comprehensive Annual Financial Report. Tucson is home to one of the world's largest gem, mineral, and fossil shows, the Accenture Match Play golf tournament, and the International Mariachi Festival.

Since 1975, Metropolitan Tucson has grown by an average of 2.4% per year. There have been only two instances within the reported time period where population growth fell below 1%. By 2020, the Tucson region will be home to nearly 1.3 million people. Since 2008, the region suffered an economic setback and endured the real estate crisis that resulted in reduced home values and lost jobs. However, in the most recent data, we see positive and upward trending in the market and improved conditions that restored some of the losses in real estate and employment.

**District Plans.** Tucson Unified School District is poised to realize its full potential as a high-performing school district delivering a college- and career-ready education for every student in every school in every part of Tucson. This goal can become a reality by growing both people and ideas to continue to craft a district where all the schools, services, talent and energy are tightly aligned, coordinated and focused on serving students. The strategic plan will outline a five-year roadmap to achieve this high performance and tight alignment.

In our efforts to build the District strategic plan, we have initiated a curriculum audit, efficiency audit, demographic study and boundary review. Additionally, we have completed a Unitary Status Plan in response to the desegregation court order. These audits and plans will be the basis for understanding where TUSD needs to grow and improve.

#### **A. District Facilities:**

The District is analyzing different projects to maintain and enhance the school facilities in energy efficiency projects such as solar, energy management systems, boundary review, and other facility initiatives to improve the learning environment for District students.

The Governing Board authorized closure for 11 school sites and reopened one of them as a K-8 school to reduce costs and reallocate scarce resources to support student learning.

The board has also authorized an extensive solar project to service 43 school sites, which will reduce energy costs by about \$11-20 million over the next 20 years.

#### **B. Technology Infrastructure:**

The District's technology plan, focused on rebuilding the technology foundation, included the following key initiatives: Network/Telecommunications Infrastructure Upgrade, End-User Device Life Cycle Program, Critical Server Replacements, Office Copier and Printer Replacements, IT Security and Disaster Recovery Modernization, Professional Development for minimum technology competencies and Improved Web presence and support for schools and teachers. Much progress has been made thus far. Particularly noteworthy are the IT Infrastructure Modernization and replacement of about 2,300 end user devices.

The updated technology strategy, for school years 2013-15, continues rebuilding the foundation but adds several new components that specifically address improving the use of information and data systems, as well as some key academic support systems. The most significant of these, from cost and project scope perspectives, are the replacement of

TUSD's internally developed Student Information System (Mojave) with a new commercial system and development of an Evidence Based Accountability System (EBAS) as well as the development of Master Scheduler. These initiatives are intended to enhance the learning and working environment at TUSD.

In order to fund this plan, the District set aside about \$12.0 million in unrestricted capital. In addition, the District managed to obtain approvals for E-Rate reimbursements from the past 5 years amounting to about \$10.0 million.

**C. Desegregation Order:**

The District was under a federal desegregation order (Stipulation of Settlement) from 1978 until 2008, when it was declared unitary, removed from federal court supervision, and was placed under a Post-Unitary Status Plan. The plaintiffs in the case appealed, won, and in 2011 the District was placed back under federal court supervision. Currently, the court is working toward developing a Unitary Status Plan (USP) that will guide TUSD for the next few years until the District can achieve Unitary Status.

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

**D. General Fund Efficiency Measures:**

The District overhauled the budget process in fiscal year 2012-13 and revised the formula driven budget to fund schools starting in fiscal year 2013-14. The new standards reallocated the current resources in more equitable ways and focused the resources on student achievement and on improving the student learning experience in the schools.

PayCard: The District awarded a contract to Wright Express to be the provider for PayCard services in order to reduce live check processing. The District's payroll unit replaced more than 3,500 live checks with PayCards. PayCard is an alternative to live checks and offers greater advantages to the employees such as the ability to pay bills online, use it as a check card with Visa logo, and assists vendors who require reservations be made with a credit card. The District realized many benefits from this program, which include reduction in manual processes and check processing, and annual savings of about \$140,000.

Procurement Card: The District implemented a procurement card initiative which helped streamline complex operations and significantly reduced the cost and time of purchasing. It is the District's intention to continue the implementation of this program in fiscal year 2013-14. The program has resulted in more than \$500,000 in rebates to the District during the first nine months since the inception of the program.

Other initiatives that are underway and are projected to either start or be completed during fiscal year 2013-2014 are as follows:

- Implementing a time and attendance system to ensure compliance with state and federal labor laws. Additionally it will reduce the costs of operating manual systems that require paper to record time and attendance.
- Implementing image management to convert paper and other documents into a digital format, which will reduce the cost of shipping and handling those documents, will improve the District response time and customer service for record requests and document handling.
- Implementing an emergency notification system to provide timely communications with parents and community members to improve customer service.
- Implementing cohesive employee action forms to automate hiring and terminating to speed up processes for effective and efficient workflow and eliminate redundancies due to manual processes.
- Implementing energy management systems to reduce costs using control systems to better manage the utilities in the district.
- Launching a day care center for school district employees that will offer reduced rates for childcare.
- Identified two centers to host in-house professional development (PD) for District employees. This project will reduce PD and rental costs and will provide an opportunity for our food services department to provide catering for external entities using our facilities.
- Implementing asset management system to safeguard district assets and to automate the current manual process to ensure effective and efficient processes.
- Implemented new and improved meal service initiatives: Go Line, Go-Cart and Fusion to be implemented and expanded in middle and high schools to speed up the process and to provide students with delicious and fun meal options. We are projecting to increase participation by more than 400 students.

**Major District Educational Initiatives.** Because the national Common Core Standards will be assessed in Arizona in 2014-15, TUSD has worked diligently to replace old curriculum, provide intensive training for teachers, and move toward a common assessment system so that TUSD students will show strong academic progress on these new standards. With an emphasis on Career and College Readiness, the standards demand high integration of content, project based learning and engaged and highly trained teachers. As a result, in-depth staff development has occurred in both Language Arts and Mathematics on the new curriculum, and new resources are constantly reviewed to meet the needs of this curriculum. With a demand for much higher comprehension of informational materials, all content area teachers are beginning to increase their knowledge of these standards to better serve our students. The impact of this will be a better-trained work force and more engaged citizenry for the City of Tucson and the State of Arizona.

To support this curricular work, a common instructional decision-making model was adopted throughout the district based on the well-researched Essential Elements of Instruction. All administrative and instructional staff has participated in the first two days of training in this model and more than 60% have already completed the second two days of training, with the rest scheduled to complete this year. This effort is supported by instructional and school improvement coaches throughout the district and administrators have also been intensively trained to coach their staffs using this model.

A final component currently “under construction” is a comprehensive assessment system that allows teachers to assist students with academic needs in a highly personalized environment. The ability to do this rests with easily accessible and meaningful data for staff, parents, and students and the District is currently working on the structure of that system and the professional development infrastructure that would underlie such a pervasive, effective and individualized effort.

Other initiatives that are underway and are projected to either start or be completed during fiscal year 2013-14 are as follows:

- Move on When Reading
- Charlotte Danielson training on teacher observation
- PARCC Technology based assessment
- Multi-tiered system of supports (MTSS) intervention and teams for struggling schools
- Creation of Leadership Preparation Academy to develop future District leaders
- Development of consistent curricular framework
- Create and develop of an aligned dual language model

## **AWARDS AND ACKNOWLEDGMENT**

**Awards.** The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty-seventh consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

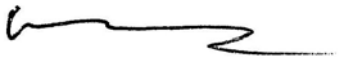
These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs’ requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2012-13 certificates.



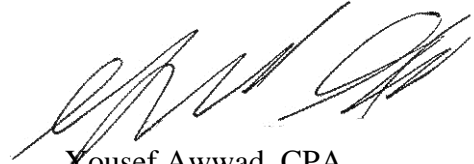
**Acknowledgments.** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the financial services department. Each member of the department has our sincere appreciation for the contributions made in the preparation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

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

Respectfully submitted,



Dr. Heliodoro Torres Sanchez  
Superintendent



Yousef Awwad, CPA  
Deputy Superintendent of  
Operations

# Association of School Business Officials International



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

**Tucson Unified School District No. 1**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO  
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

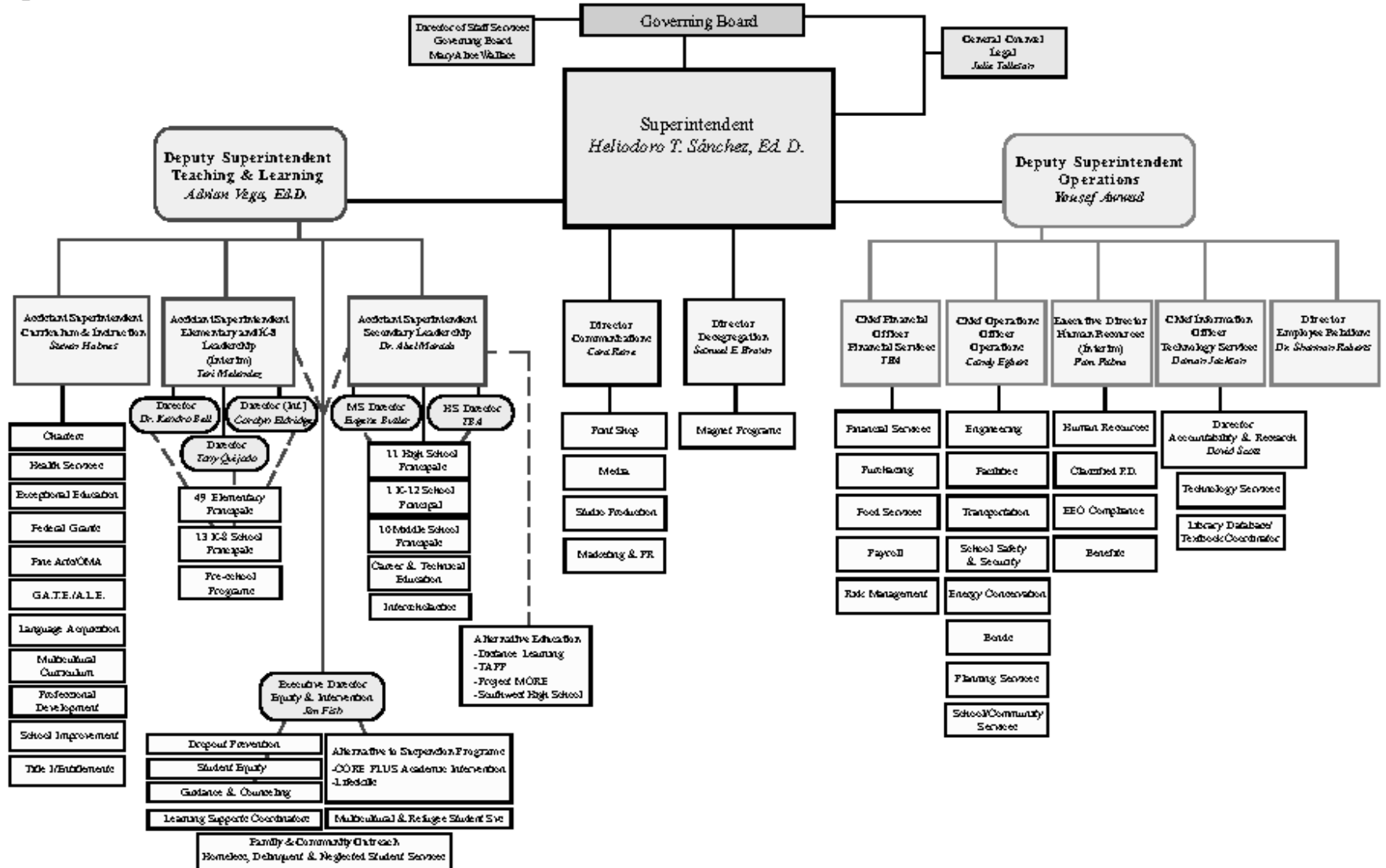
**Tucson Unified  
School District No. 1  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

Organizational Chart



IX

TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
PRINCIPAL OFFICIALS

ELECTED OFFICIALS  
BOARD OF EDUCATION

PRESIDENT  
Adelita S. Grijalva

CLERK  
Kristel Ann Foster

MEMBERS  
Michael Hicks  
Cam Juárez  
Mark Stegeman, Ph.D.

APPOINTED OFFICIALS

SUPERINTENDENT  
Heliodoro T. Sanchez, Ed.D.

DEPUTY SUPERINTENDENT TEACHING & LEARNING  
Adrian Vega, Ed.D.

DEPUTY SUPERINTENDENT OF OPERATIONS  
Yousef Awwad, CPA

ASISTANT SUPERINTENDENT CURRICULUM & INSTRUCTION  
Steven D. Holmes

ACTING ASSISTANT SUPERINTENDENT ELEMENTARY & K-8 SCHOOLS  
Teri Melendez

ASSISTANT SUPERINTENDENT SECONDARY SCHOOLS  
Abel Morado, Ed.D.

LEAD LEGAL COUNSEL  
Julie Tolleson

CHIEF FINANCIAL OFFICER  
TBA

CHIEF OPERATIONS OFFICER  
Candy Egbert

CHIEF INFORMATION OFFICER  
Damon Jackson

INTERIM EXECUTIVE DIRECTOR HUMAN RESOURCES  
Pamela Palmo

EXECUTIVE DIRECTOR EXCEPTIONAL STUDENT SERVICES  
Eugene Butler, Jr.

EXECUTIVE DIRECTOR EQUITY & INTERVENTION  
Jim Fish

## **FINANCIAL SECTION**

(This page intentionally left blank)

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Tucson Unified School District No. 1

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tucson Unified School District No. 1 (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tucson Unified School District No. 1, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.



***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 56 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, on our consideration of Tucson Unified School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tucson Unified School District No. 1's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

December 27, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Required Supplementary Information)**

(This page intentionally left blank)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

As management of the Tucson Unified School District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. 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 \$3.6 million which represents an increase of less than one percent from the prior fiscal year.
- General revenues accounted for \$375.0 million in revenue, or 82 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$83.2 million or 18 percent of total current fiscal year revenues.
- The District had approximately \$454.6 million in expenses related to governmental activities, a decrease of 4 percent from the prior fiscal year.
- Among major funds, the General Fund had \$309.1 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$326.2 million in expenditures. The General Fund's fund balance decreased from \$46.6 million at the prior fiscal year end to \$32.5 million at the end of the current fiscal year was primarily due to changes of practices at the county level to utilize fund balance to mitigate impact on property tax rates.
- Net position for the Internal Service Funds increased \$2.7 million from the prior fiscal year primarily due to contribution revenue exceeding claims expense. Operating revenues of \$35.2 million exceeded operating expenses of \$32.8 million at the end of the current fiscal year.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

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 decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

**Proprietary funds.** The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its activities related the employee benefit trust and to workers' compensation claims. Because these services predominantly benefit government functions, they have been included within governmental activities in the government-wide financial statements.

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

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

**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. 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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**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 exceeded liabilities by \$556.3 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 debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Current and other assets	\$ 177,717,318	\$ 221,308,381
Capital assets, net	<u>706,937,946</u>	<u>683,524,864</u>
<b>Total assets</b>	<u>884,655,264</u>	<u>904,833,245</u>
Current and other liabilities	62,146,348	51,036,312
Long-term liabilities	<u>266,231,009</u>	<u>301,125,464</u>
<b>Total liabilities</b>	<u>328,377,357</u>	<u>352,161,776</u>
<b>Net position:</b>		
Net investment in capital assets	478,208,141	453,090,065
Restricted	38,076,040	50,858,186
Unrestricted	<u>39,993,726</u>	<u>48,723,218</u>
<b>Total net position</b>	<u>\$ 556,277,907</u>	<u>\$ 552,671,469</u>

At the end of the current fiscal year the District reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

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

- The net addition of \$42.9 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The depreciation of capital assets resulting in an increase of \$23.6 million in accumulated depreciation.
- The principal retirement of \$35.6 million of bonds.

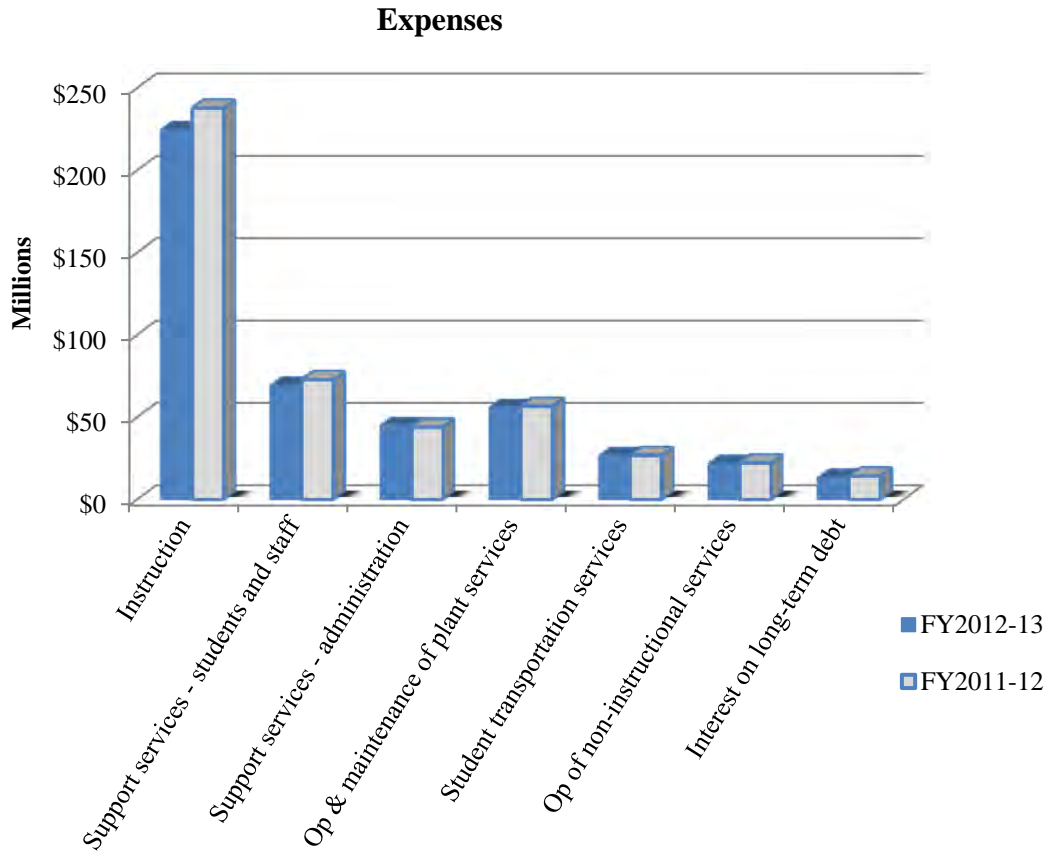
**Changes in net position.** The District's total revenues for the current fiscal year were \$458.2 million. The total cost of all programs and services was \$454.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	Fiscal Year Ended <u>June 30, 2013</u>	Fiscal Year Ended <u>June 30, 2012</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 9,421,503	\$ 9,819,956
Operating grants and contributions	70,030,026	83,827,648
Capital grants and contributions	3,735,347	4,669,887
General revenues:		
Property taxes	210,597,466	208,675,043
Investment income	740,367	675,595
Unrestricted county aid	14,372,495	13,918,868
Unrestricted state aid	146,611,426	158,195,164
Unrestricted federal aid	<u>2,699,805</u>	<u>1,121,701</u>
<b>Total revenues</b>	<u>458,208,435</u>	<u>480,903,862</u>
<b>Expenses:</b>		
Instruction	224,302,136	237,543,995
Support services – students and staff	69,035,667	72,454,063
Support services – administration	44,610,584	43,723,616
Operation and maintenance of plant services	55,716,491	56,498,727
Student transportation services	26,338,473	26,634,890
Operation of non-instructional services	21,534,017	21,981,761
Interest on long-term debt	<u>13,064,629</u>	<u>13,936,906</u>
<b>Total expenses</b>	<u>454,601,997</u>	<u>472,773,958</u>
<b>Changes in net position</b>	3,606,438	8,129,904
<b>Net position, beginning</b>	<u>552,671,469</u>	<u>544,541,565</u>
<b>Net position, ending</b>	<u>\$ 556,277,907</u>	<u>\$ 552,671,469</u>



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**



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

- The decrease of \$13.8 million in operating grants and contributions was primarily due to a decrease in federal grant funding under the Title I Grants program.
- The decrease of \$11.6 million in unrestricted state aid was due to a decrease in average daily membership along with statewide budget cuts.
- The decrease of \$13.2 million in instruction expense was due to the closure and consolidation of several school sites at the beginning of the year.

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)**

	<u>Year Ended June 30, 2013</u>		<u>Year Ended June 30, 2012</u>	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 224,302,136	\$(182,065,997)	\$ 237,543,995	\$ (182,555,266)
Support services – students and staff	69,035,667	(56,133,703)	72,454,063	(55,957,191)
Support services – administration	44,610,584	(42,198,523)	43,723,616	(41,611,977)
Operation and maintenance of plant services	55,716,491	(52,083,276)	56,498,727	(55,035,501)
Student transportation services	26,338,473	(26,308,894)	26,634,890	(26,620,256)
Operation of non-instructional services	21,534,017	(856,160)	21,981,761	(94,373)
Interest on long-term debt	13,064,629	(11,768,568)	13,936,906	(12,581,903)
<b>Total</b>	<u>\$ 454,601,997</u>	<u>\$(371,415,121)</u>	<u>\$ 472,773,958</u>	<u>\$ (374,456,467)</u>

- The cost of all governmental activities this year was \$454.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$83.2 million.
- Net cost of governmental activities of \$371.4 million was financed by general revenues, which are made up of primarily property taxes of \$210.6 million and state aid of \$146.6 million.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Concl'd)**

The General Fund comprises 40 percent of the total fund balance. Approximately \$31.1 million, or 96 percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the District. The fund balance decreased \$14.2 million to \$32.5 million as of fiscal year end. General Fund revenues decreased \$8.7 million as a result of a decrease in average daily membership and statewide budget cuts. General Fund expenditures increased \$9.8 million as a result of increased instructional expenditures funded from the General Fund.

Title I Grants Fund revenues and expenditures decreased \$7.6 million and \$8.7 million, respectively, as a result of reduction of funds allocated to the District based on state formula and utilization of carryover in the prior year.

The Debt Service Fund's fund balance decreased \$6.9 million as a result of the utilization of fund balance for bond payments. The Debt Service Fund revenues decreased \$10.7 million. The Debt Service Fund expenditures decreased \$2.0 million.

The Bond Building Fund's fund balance decreased \$32.6 million due to the construction of a new elementary school and completion other district renovations. The Bond Building Fund expenditures increased \$6.4 million due to these projects.

**Proprietary funds.** During the current fiscal year, the District's contributions to the proprietary funds were \$34.3 million to fund current year claims expense and administrative costs. Unrestricted net position of the Internal Service Fund at the end of the fiscal year amounted to \$23.3 million. The increase of \$2.7 million from the prior fiscal year was primarily due to contributions exceeding current year claims expense.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for enrollment changes in the funding formula. The difference between the original budget and the final amended budget was an increase of 3 percent due to budget balance carryover, adjustment from capital outlay formula, and student growth.

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 \$7.0 million in operation and maintenance of plant services was a result of reallocating utility, telecommunication, and technology cost to the Medicaid and E-rate Funds.
- The District's Transportation Department was anticipating a reduction of costs, however, spending continued to be in line with previous years, which resulted in an unfavorable variance of \$4.8 million in student transportation services.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$1.0 billion in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$42.9 million from the prior fiscal year, primarily due to the construction of new school facilities. Total depreciation expense for the year was \$23.6 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2013 and June 30, 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Capital assets – non-depreciable	\$ 44,347,836	\$ 62,867,631
Capital assets – depreciable, net	<u>662,590,110</u>	<u>620,657,233</u>
<b>Total</b>	<u><u>\$ 706,937,946</u></u>	<u><u>\$ 683,524,864</u></u>

The estimated cost to complete current construction projects is \$17.8 million. Additional information on the District's capital assets can be found in Note 6.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)**

**Debt Administration.** At year end, the District had \$249.6 million in long-term debt outstanding, \$42.7 million due within one year. This represents a net decrease of \$33.1 million.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$979.3 million and the Class B debt limit is \$326.4 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 7 through 9.

**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 2013-14 budget. Among them:

- Fiscal year 2012-13 budget balance carry forward (estimated \$6.0 million).
- District student population used to allocate resources to the sites (estimated 51,000 with Pre-K, 50,000 without Pre-K).
- Technology and operation initiatives, energy conservation, and technology infrastructure.
- New standards created to fund schools.

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

Budgeted expenditures in the General Fund decreased one percent to \$306.1 million in fiscal year 2013-14. A decrease in the weighted student count and cuts in state funding are the primary reasons for the decrease.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

(This page intentionally left blank)

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 69,920,373
Property taxes receivable	13,507,257
Accounts receivable	701,829
Due from governmental entities	82,737,753
Prepaid items	624,608
Inventory	1,970,077
Total current assets	169,461,897
Noncurrent assets:	
Cash and investments-restricted	1,227,716
Deferred charges	7,027,705
Land	14,466,785
Land improvements	68,390,044
Buildings and improvements	827,320,253
Vehicles, furniture and equipment	68,692,577
Construction in progress	29,881,051
Accumulated depreciation	(301,812,764)
Total noncurrent assets	715,193,367
<b>Total assets</b>	<b>884,655,264</b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	7,621,539
Construction contracts payable	5,696,184
Claims payable	7,326,885
Due to governmental entities	8,554,780
Accrued payroll and employee benefits	20,717,143
Compensated absences payable	2,205,220
Unearned revenues	198,385
Obligations under capital leases	5,601,008
Bonds payable	37,075,000
Total current liabilities	94,996,144
Noncurrent liabilities:	
Deferred premium	7,463,469
Claims payable	4,567,963
Non-current portion of long-term obligations	221,349,781
Total noncurrent liabilities	233,381,213
<b>Total liabilities</b>	<b>328,377,357</b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	478,208,141
Restricted for:	
Debt service	9,582,846
Capital outlay	6,200,355
Federal and state projects	9,332,748
Food service	3,411,899
Other local initiatives	9,548,192
Unrestricted	39,993,726
<b>Total net position</b>	<b>\$ 556,277,907</b>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

<b>Functions/Programs</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 224,302,136	\$ 5,706,176	\$ 35,573,690	\$ 956,273	\$ (182,065,997)
Support services - students and staff	69,035,667		12,901,964		(56,133,703)
Support services - administration	44,610,584		2,412,061		(42,198,523)
Operation and maintenance of plant services	55,716,491	604,562	249,579	2,779,074	(52,083,276)
Student transportation services	26,338,473		29,579		(26,308,894)
Operation of non-instructional services	21,534,017	3,110,765	17,567,092		(856,160)
Interest on long-term debt	13,064,629		1,296,061		(11,768,568)
<b>Total governmental activities</b>	<u>\$ 454,601,997</u>	<u>\$ 9,421,503</u>	<u>\$ 70,030,026</u>	<u>\$ 3,735,347</u>	<u>(371,415,121)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	164,258,242
Property taxes, levied for debt service	39,875,831
Property taxes, levied for capital outlay	6,463,393
Investment income	740,367
Unrestricted county aid	14,372,495
Unrestricted state aid	146,611,426
Unrestricted federal aid	2,699,805
<b>Total general revenues</b>	<u>375,021,559</u>

**Changes in net position**

3,606,438

**Net position, beginning of year**

552,671,469

**Net position, end of year**

\$ 556,277,907

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

(This page intentionally left blank)

**FUND FINANCIAL STATEMENTS**

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General	Title I Grants	Special Education Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 843,821	\$	\$
Cash and investments-restricted			
Property taxes receivable	10,358,775		
Accounts receivable	373,211		
Due from governmental entities	58,258,321	8,013,406	9,424,531
Due from other funds			
Prepaid items			
Inventory	1,354,618		
<b>Total assets</b>	<b>\$ 71,188,746</b>	<b>\$ 8,013,406</b>	<b>\$ 9,424,531</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 3,603,740	\$ 283,412	\$
Construction contracts payable			
Due to governmental entities	8,539,923		
Due to other funds	2,238,227	6,355,944	8,935,171
Accrued payroll and employee benefits	15,963,126	1,374,050	489,360
Deferred revenues	8,377,151		
<b>Total liabilities</b>	<b>38,722,167</b>	<b>8,013,406</b>	<b>9,424,531</b>
Fund balances (deficits):			
Nonspendable	1,354,618		
Restricted			
Assigned			
Unassigned	31,111,961		
<b>Total fund balances</b>	<b>32,466,579</b>		
 <b>Total liabilities and fund balances</b>	<b>\$ 71,188,746</b>	<b>\$ 8,013,406</b>	<b>\$ 9,424,531</b>

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

<u>Debt Service</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,971,936	\$ 18,622,568	\$ 8,257,837	\$ 34,696,162
		1,227,716	1,227,716
2,610,910		537,572	13,507,257
	136,528	192,090	701,829
		7,041,495	82,737,753
		21,125,244	21,125,244
	587,723		587,723
		615,459	1,970,077
<u>\$ 9,582,846</u>	<u>\$ 19,346,819</u>	<u>\$ 38,997,413</u>	<u>\$ 156,553,761</u>
\$	\$ 1,690,997	\$ 1,929,710	\$ 7,507,859
	5,696,184		5,696,184
		14,857	8,554,780
		3,595,902	21,125,244
	43,435	2,847,172	20,717,143
2,136,674		715,815	11,229,640
<u>2,136,674</u>	<u>7,430,616</u>	<u>9,103,456</u>	<u>74,830,850</u>
	587,723	615,459	2,557,800
7,446,172	11,328,480	28,563,487	47,338,139
		747,383	747,383
		(32,372)	31,079,589
<u>7,446,172</u>	<u>11,916,203</u>	<u>29,893,957</u>	<u>81,722,911</u>
<u>\$ 9,582,846</u>	<u>\$ 19,346,819</u>	<u>\$ 38,997,413</u>	<u>\$ 156,553,761</u>

(This page intentionally left blank)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

**Total governmental fund balances** **\$ 81,722,911**

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

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

Governmental capital assets	\$ 1,008,750,710	
Less accumulated depreciation	<u>(301,812,764)</u>	706,937,946

Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes	10,981,844	
Intergovernmental	<u>49,411</u>	11,031,255

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. (435,764)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position. 23,252,568

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

Compensated absences payable	(16,630,954)	
Obligations under capital leases	(14,555,055)	
Bonds payable	<u>(235,045,000)</u>	<u>(266,231,009)</u>

**Net position of governmental activities** **\$ 556,277,907**

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



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	General	Title I Grants	Special Education Grants
<b>Revenues:</b>			
Other local	\$ 17,184,549	\$	\$
Property taxes	163,293,155		
State aid and grants	125,983,898		
Federal aid, grants and reimbursements	2,650,394	23,443,503	9,632,605
<b>Total revenues</b>	309,111,996	23,443,503	9,632,605
<b>Expenditures:</b>			
Current -			
Instruction	158,122,216	11,783,209	8,185,424
Support services - students and staff	51,368,380	7,011,510	890,557
Support services - administration	39,516,705	1,981,240	5,009
Operation and maintenance of plant services	52,087,708	266,420	
Student transportation services	23,401,373	20,320	
Operation of non-instructional services	470,130		
Capital outlay	982,256	790,645	
Debt service -			
Principal retirement	239,932		
Interest and fiscal charges	11,838		
<b>Total expenditures</b>	326,200,538	21,853,344	9,080,990
<b>Excess (deficiency) of revenues over expenditures</b>	(17,088,542)	1,590,159	551,615
<b>Other financing sources (uses):</b>			
Transfers in	3,251,236		
Transfers out		(1,590,159)	(551,615)
Capital lease agreements			
Proceeds from sale of capital assets			
<b>Total other financing sources (uses):</b>	3,251,236	(1,590,159)	(551,615)
<b>Changes in fund balances</b>	(13,837,306)		
<b>Fund balances, beginning of year</b>	46,645,741		
Increase (decrease) in reserve for inventory	(341,856)		
<b>Fund balances, end of year</b>	\$ 32,466,579	\$	\$

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

<u>Debt Service</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 57,527	\$ 541,022	\$ 10,943,321	\$ 28,726,419
39,967,592		6,284,621	209,545,368
		21,734,592	147,718,490
1,296,061		34,488,547	71,511,110
<u>41,321,180</u>	<u>541,022</u>	<u>73,451,081</u>	<u>457,501,387</u>
		22,417,774	200,508,623
		9,131,027	68,401,474
		1,432,838	42,935,792
		2,922,928	55,277,056
		254,549	23,676,242
		20,878,822	21,348,952
	33,149,597	22,495,071	57,417,569
35,630,000		4,713,359	40,583,291
12,576,999		498,070	13,086,907
<u>48,206,999</u>	<u>33,149,597</u>	<u>84,744,438</u>	<u>523,235,906</u>
<u>(6,885,819)</u>	<u>(32,608,575)</u>	<u>(11,293,357)</u>	<u>(65,734,519)</u>
22,260			3,273,496
	(22,260)	(1,109,462)	(3,273,496)
		7,526,101	7,526,101
		48,617	48,617
<u>22,260</u>	<u>(22,260)</u>	<u>6,465,256</u>	<u>7,574,718</u>
<u>(6,863,559)</u>	<u>(32,630,835)</u>	<u>(4,828,101)</u>	<u>(58,159,801)</u>
14,309,731	44,547,038	34,711,534	140,214,044
		10,524	(331,332)
<u>\$ 7,446,172</u>	<u>\$ 11,916,203</u>	<u>\$ 29,893,957</u>	<u>\$ 81,722,911</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

**Net changes in fund balances - total governmental funds** **\$ (58,491,133)**

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 as depreciation expense.

Expenditures for capitalized assets	\$ 47,461,655	
Less current year depreciation	<u>(23,564,380)</u>	23,897,275

Capital lease agreements provide current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position. (7,526,101)

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

Property taxes	1,052,098	
Intergovernmental	<u>49,411</u>	1,101,509

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.

Capital lease principal retirement	4,953,291	
Bond principal retirement	<u>35,630,000</u>	40,583,291

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.

Loss on disposal of capital assets	(484,193)	
Amortization of deferred bond items	22,278	
Compensated absences	<u>1,837,265</u>	1,375,350

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities. 2,666,247

**Change in net position in governmental activities** **\$ 3,606,438**

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Governmental Activities: Internal Service Funds
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 35,224,211
Prepaid items	36,885
Total current assets	35,261,096
<b>Total assets</b>	35,261,096
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	113,680
Claims payable	7,326,885
Total current liabilities	7,440,565
Noncurrent liabilities:	
Claims payable	4,567,963
Total noncurrent liabilities	4,567,963
<b>Total liabilities</b>	12,008,528
 <b><u>NET POSITION</u></b>	
Unrestricted	23,252,568
<b>Total net position</b>	\$ 23,252,568

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Governmental Activities: Internal Service Funds
<b>Operating revenues:</b>	
Contributions	\$ 34,268,127
Other	903,950
<b>Total operating revenues</b>	<u>35,172,077</u>
<b>Operating expenses:</b>	
Claims	28,955,479
Premiums	1,913,319
Administrative fees	1,950,787
Other	5,199
<b>Total operating expenses</b>	<u>32,824,784</u>
<b>Operating income (loss)</b>	<u>2,347,293</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	318,954
<b>Total nonoperating revenues (expenses)</b>	<u>318,954</u>
<b>Changes in net position</b>	<u>2,666,247</u>
<b>Total net position, beginning of year</b>	20,586,321
<b>Total net position, end of year</b>	<u><u>\$ 23,252,568</u></u>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities: Internal Service Funds</b>
<b><u>Increase in Cash and Cash Equivalents</u></b>	
<b>Cash flows from operating activities:</b>	
Cash received from contributions	\$ 34,270,938
Cash payments for claims	(26,961,430)
Cash payments to suppliers for goods and services	(3,868,847)
<b>Net cash provided by operating activities</b>	<b>3,440,661</b>
<b>Cash flows from investing activities:</b>	
Investment income	318,954
<b>Net cash provided by investing activities</b>	<b>318,954</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,759,615</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>31,464,596</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 35,224,211</b>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>	
<b>Operating income</b>	\$ 2,347,293
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in prepaid items	2,811
Increase in accounts payable	458
Increase in claims payable	1,090,099
<b>Total adjustments</b>	<b>1,093,368</b>
<b>Net cash provided by operating activities</b>	<b>\$ 3,440,661</b>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 5,740,160
<b>Total assets</b>	<u>\$ 5,740,160</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	\$ 3,881,016
Due to student groups	1,859,144
<b>Total liabilities</b>	<u>\$ 5,740,160</u>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

During the year ended June 30, 2013, the District implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

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 expenses/expenditures.

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

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

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



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Blended Component Unit** – Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Tucson Unified School District No. 1 Employee Benefit Trust is responsible for providing health insurance for the District employees. The District's Governing Board appoints the Trust's Board of Directors. The Tucson Unified School District No. 1 Employee Benefit Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

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

Unaudited financial statements for each of the component units may be obtained from the District's Financial Services Department.

**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.

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

**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 75 days of the end of the current fiscal period, or within 60 days for property tax revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting except for debt service and compensated absences are recorded only when payment is due.

Property taxes, Federal, State and County aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred 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 deferred revenue on the governmental fund financial statements.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as the Medicaid Reimbursement, Impact Aid, Auxiliary Operations, Gifts and Donations, Insurance Proceeds, Litigation Recovery, Indirect Costs, District Services, Intergovernmental Agreements, and Soft Capital Allocation Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Title I Grants Fund – The Title I Grants Fund accounts for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

Special Education Grants Fund – The Special Education Grants Fund accounts for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

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

Bond Building Fund – The Bond Building Fund accounts for monies received from District bond issues that are used to acquire sites, construct or renovate school buildings, supply school buildings with furniture and apparatus, improve school grounds, and purchase pupil transportation vehicles.

Additionally, the District reports the following fund types:

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

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

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

The Agency Funds are custodial in nature and do not have a measurement focus and are reported on the accrual basis of accounting. The Agency Funds are reported by fund type.

**D. Cash and Investments**

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

A.R.S. require the District to deposit certain cash with the County Treasurer. That cash 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.

Certain resources set aside for future purchases related to the continued implementation of a new enterprise resource planning system are classified as cash and investments – restricted on the statements of net position and balance sheet because their use is limited by a capital lease financing agreement. A trust account, recorded in the Unrestricted Capital Outlay Fund, is used to segregate the restricted cash.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**E. Investment Income**

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

**F. Receivables and Payables**

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

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

**G. Property Tax Calendar**

Property tax levies are obtained by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10% from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which 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. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**H. Inventory**

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

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

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

**J. 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. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Land improvements	20 – 25 years
Buildings and improvements	15 – 80 years
Vehicles, furniture and equipment	3 – 25 years

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)**

**K. Compensated Absences**

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

**L. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as issuance costs and the difference between the requisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related 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.

**M. 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.

**N. Net Position Flow Assumption**

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)**

**O. 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 legally or contractually required to be maintained intact.

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

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

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



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)**

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

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

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

	General Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 1,354,618	\$	\$	\$ 615,459
Prepaid items			587,723	
Restricted:				
Debt service		7,446,172		
Capital projects				6,320,059
Bond building projects			11,328,480	
Voter approved initiatives				6,600,869
Federal and state projects				2,682,468
Civic center				2,728,517
Extracurricular activities tax credit				5,334,469
Food service				3,411,899
Other purposes				1,485,206
Committed:				
School improvements				747,383
Unassigned	31,111,961			(32,372)
Total fund balances	\$ 32,466,579	\$ 7,446,172	\$11,916,203	\$ 29,893,957

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balances** – At year end, the Building Improvements Grant Fund, a non-major governmental fund, reported a deficit in fund balance of \$32,372.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2013-14 are expected to eliminate the deficit.

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

**NOTE 4 – CASH AND INVESTMENTS**

A.R.S. authorize the District to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's 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 \$16,519,987 and the bank balance was \$17,270,491, which includes \$7,842,980 of certificates on deposit. At year end, \$14,635,550 of the District's deposits were covered by collateral held by the pledging financial institution in the District's name.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and 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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4 – CASH AND INVESTMENTS (Concl'd)**

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.

At year end, the District's investments consisted of the following.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market – U.S. Treasury	Less than one year	\$ 1,227,716
County Treasurer's investment pool	248 days average	35,504,248
State Treasurer's investment pool 7	15 days average	23,636,298
Total		<u>\$ 60,368,262</u>

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

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

*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.

*Concentration of Credit Risk.* The District places no limit on the amount the District may invest in any one issuer.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5 – RECEIVABLES**

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

	<u>General Fund</u>	<u>Title I Grants Fund</u>	<u>Special Education Grants Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:				
Due from Federal government	\$ 402,295	\$ 8,013,406	\$ 9,424,531	\$ 4,720,539
Due from State government	57,703,408			2,320,113
Due from County government	152,618			843
Net due from governmental entities	<u>\$ 58,258,321</u>	<u>\$ 8,013,406</u>	<u>\$ 9,424,531</u>	<u>\$ 7,041,495</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 8,377,151	\$
Delinquent property taxes receivable (Debt Service Fund)	2,136,674	
Delinquent property taxes receivable (Non-Major Governmental Funds)	468,019	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		198,385
Measurable but unavailable revenues (Non-Major Governmental Funds)	49,411	
Total deferred revenue for governmental funds	<u>\$ 11,031,255</u>	<u>\$ 198,385</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for the current fiscal year ended 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	\$ 14,466,785	\$	\$	14,466,785
Construction in progress	48,400,846	38,065,691	56,585,486	29,881,051
Total capital assets, not being depreciated	<u>62,867,631</u>	<u>38,065,691</u>	<u>56,585,486</u>	<u>44,347,836</u>
Capital assets, being depreciated:				
Land improvements	56,973,121	11,416,923		68,390,044
Buildings and improvements	782,315,620	45,148,857	144,224	827,320,253
Vehicles, furniture and equipment	63,650,363	9,415,670	4,373,456	68,692,577
Total capital assets being depreciated	<u>902,939,104</u>	<u>65,981,450</u>	<u>4,517,680</u>	<u>964,402,874</u>
Less accumulated depreciation for:				
Land improvements	(25,108,094)	(2,451,868)		(27,559,962)
Buildings and improvements	(224,494,236)	(16,449,124)	(111,739)	(240,831,621)
Vehicles, furniture and equipment	(32,679,541)	(4,663,388)	(3,921,748)	(33,421,181)
Total accumulated depreciation	<u>(282,281,871)</u>	<u>(23,564,380)</u>	<u>(4,033,487)</u>	<u>(301,812,764)</u>
Total capital assets, being depreciated, net	<u>620,657,233</u>	<u>42,417,070</u>	<u>484,193</u>	<u>662,590,110</u>
Governmental activities capital assets, net	<u>\$ 683,524,864</u>	<u>\$ 80,482,761</u>	<u>\$ 57,069,679</u>	<u>\$706,937,946</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$19,079,817
Support services – students and staff	184,901
Support services – administration	2,104,101
Operation and maintenance of plant services	287,354
Student transportation services	1,761,930
Operation of non-instructional services	146,277
Total depreciation expense – governmental activities	<u>\$23,564,380</u>

**Construction Commitments** – At year end, the District had contractual commitments related to various capital projects. At year end the District had spent \$29.9 million on the projects and had estimated remaining contractual commitments of \$17.8 million. These projects are being funded primarily with bond proceeds.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 7 – OBLIGATIONS UNDER LEASES**

**Capital Leases** – The District has acquired vehicles and equipment under the provisions of long-term lease agreements classified as capital leases. In addition, the District is in the process of implementing a new enterprise resource management system which has been which has been financed under the provisions of a long-term lease agreement classified as a capital lease. At June 30, 2013, lease proceeds of \$1.2 million were held by a trustee for future purchases related to the implementation. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, are used to pay the capital lease obligations.

	Governmental Activities
Asset:	
Vehicles and equipment	\$ 29,441,974
Less: Accumulated depreciation	5,340,444
Total	\$ 24,101,530

The future minimum lease obligations, the net present value of these minimum lease payments, and assets acquired through capital leases that meet the District’s definition of capital assets are as follows.

	Governmental Activities
Year Ending June 30:	
2014	\$ 6,152,584
2015	4,252,961
2016	3,328,814
2017	1,840,386
Total minimum lease payments	15,574,745
Less: amount representing interest	1,019,690
Present value of minimum lease payments	\$ 14,555,055
Due within one year	\$ 5,601,008

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 7 – OBLIGATIONS UNDER LEASES (Concl'd)**

**Operating Leases** – The District leases equipment under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$363,271 for the current fiscal year. The operating leases have remaining noncancelable lease terms from 1 to 4 years and provide renewal options. The future minimum rental payments required under the operating leases at year end were as follows.

Year Ending June 30:					
	2014	\$	344,902		
	2015		343,010		
	2016		343,010		
	2017		211,531		
			<u>211,531</u>		
	Total minimum payments required		<u>\$1,242,453</u>		

**NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE**

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

Description	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2013	Due Within One Year
<b>Governmental activities:</b>					
School Improvement Bonds, 2006	\$ 10,000,000	4.00-5.00%	7/1/13-26	\$ 4,635,000	\$ 270,000
School Improvement Bonds, 2007	47,000,000	4.375-5.00%	7/1/15-28	37,835,000	
School Improvement Bonds, 2008	57,000,000	3.25-5.00%	7/1/15-28	54,200,000	
School Improvement Bonds, 2010	6,770,000	3.00-5.00%	7/1/14-15	6,770,000	
School Improvement Bonds, 2010	67,230,000	4.32-5.12%	7/1/16-29	67,230,000	
Refunding Bonds, 2010	41,725,000	3.00-5.00%	7/1/13-22	25,540,000	22,455,000
Refunding Bonds, 2011 (nontaxable)	28,115,000	3.00-5.00%	7/1/14-24	28,115,000	3,630,000
Refunding Bonds, 2011A (taxable)	22,885,000	1.72-1.55%	7/1/13-14	10,720,000	10,720,000
Total				<u>\$ 235,045,000</u>	<u>\$ 37,075,000</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE (Concl'd)**

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
2014	\$ 37,075,000	\$ 10,452,833
2015	14,315,000	9,508,425
2016	14,800,000	8,919,975
2017	13,370,000	8,329,446
2018	11,135,000	7,803,672
2019-23	63,645,000	30,575,868
2024-28	68,285,000	12,222,602
2029-30	12,420,000	1,188,235
Total	<u>\$ 235,045,000</u>	<u>\$ 89,001,056</u>

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$33.3 million of defeased bonds are still outstanding.

**NOTE 9 – 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
<b>Governmental activities:</b>					
Bonds payable	\$ 270,675,000	\$	\$35,630,000	\$ 235,045,000	\$ 37,075,000
Obligations under capital leases	11,982,245	7,526,101	4,953,291	14,555,055	5,601,008
Compensated absences payable	18,468,219	5,482,001	7,319,266	16,630,954	2,205,220
Governmental activity long-term liabilities	<u>\$ 301,125,464</u>	<u>\$ 13,008,102</u>	<u>\$47,902,557</u>	<u>\$ 266,231,009</u>	<u>\$ 44,881,228</u>



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows.

Due to	Due from Non-Major Governmental Funds
General Fund	\$ 2,238,227
Title I Grants Fund	6,355,944
Special Education Grants Fund	8,935,171
Non-Major Governmental Funds	3,595,902
<b>Total</b>	<b>\$ 21,125,244</b>

At year end, the General Fund, Title Grants Fund, Special Education Grants Fund and several non-major governmental funds had negative cash balances in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

**Interfund transfers:**

Transfers out	Transfers in		
	General Fund	Debt Service Fund	Total
Title I Grants Fund	\$ 1,590,159	\$	\$1,590,159
Special Education Grants Fund	551,615		551,615
Bond Building Fund		22,260	22,260
Non-Major Governmental Funds	1,109,462		1,109,462
<b>Total</b>	<b>\$ 3,251,236</b>	<b>\$ 22,260</b>	<b>\$3,273,496</b>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund, a non-major governmental fund, that is required by statute to be expended in the Debt Service Fund and (2) to move Federal grant funds restricted for indirect costs.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 11 – DUE TO GOVERNMENTAL ENTITIES**

At year end, the General Fund, Title I Grants Fund, Special Education Grants Funds and several non-major governmental funds had negative cash balances. The cash deficits were reduced with interfund borrowing with other non-major governmental funds. However, after interfund borrowing, negative cash balances remained in the General Fund. The remaining negative cash in the General Fund of \$8,539,923 was due to the County Treasurer at year end.

**NOTE 12 – 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.

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

**NOTE 13 – RISK MANAGEMENT**

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

The District established an Employee Benefit Trust (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health claims. Under this program, the Fund provides coverage for up to a maximum of \$200,000 for each claim, not-to-exceed an annual aggregate of \$1.0 million. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims did not exceed this coverage in the past fiscal year.

The District established the Workers’ Compensation Trust (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee work related accidents. Under this program, the Fund provides coverage for up to a maximum of \$500,000 for each claim, not to exceed an annual aggregate of \$30.0 million. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 13 – RISK MANAGEMENT (Concl'd)**

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

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

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
<u>Workers' Compensation</u>				
2012-13	\$ 6,780,178	\$ 3,343,287	\$ 2,851,702	\$ 7,271,763
2011-12	7,920,788	1,389,818	2,530,428	6,780,178
<u>Employee Benefits</u>				
2012-13	4,024,571	26,702,291	26,103,777	4,623,085
2011-12	4,828,013	24,528,980	25,332,422	4,024,571
<u>Total</u>				
2012-13	\$ 10,804,749	\$ 30,045,578	\$ 28,955,479	\$ 11,894,848
2011-12	12,748,801	25,918,798	27,862,850	10,804,749

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The District contributes to the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

**Plan Description** – Benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees’ average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree’s healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-0250 or by calling (602) 240-2000 or (800) 621-3778. The report is also available on the ASRS’ website at [www.azasrs.gov](http://www.azasrs.gov).

**Funding Policy** – The Arizona State Legislature establishes and may amend active plan members’ and the District’s contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 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 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent for long-term disability) of the members’ annual covered payroll.

The District’s contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2013	\$ 25,519,011	\$ 1,618,279	\$ 597,518
2012	24,755,676	1,580,150	601,962
2011	22,621,408	1,481,313	627,675

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 15 – SUBSEQUENT EVENTS**

In July 2013, the District acquired 18 buses under the provisions of a long-term lease agreement classified as a capital lease. The total present value of the minimum lease payments of \$1,180,229 is payable over the next 5 years. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, will be used to pay the capital lease obligations.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
(Required Supplementary Information)**

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 14,370,966	\$ 14,370,966
Property taxes			162,767,394	162,767,394
State aid and grants			124,993,721	124,993,721
<b>Total revenues</b>			<u>302,132,081</u>	<u>302,132,081</u>
<b>Expenditures:</b>				
Current -				
Instruction	141,978,443	153,783,190	154,752,500	(969,310)
Support services - students and staff	50,711,427	50,361,291	49,941,080	420,211
Support services - administration	41,772,599	36,505,196	37,149,765	(644,569)
Operation and maintenance of plant services	46,276,500	50,900,199	43,940,684	6,959,515
Student transportation services	20,594,504	18,440,351	23,219,748	(4,779,397)
Operation of non-instructional services		468,130	470,130	(2,000)
<b>Total expenditures</b>	<u>301,333,473</u>	<u>310,458,357</u>	<u>309,473,907</u>	<u>984,450</u>
<b>Changes in fund balances</b>	<u>(301,333,473)</u>	<u>(310,458,357)</u>	<u>(7,341,826)</u>	<u>303,116,531</u>
<b>Fund balances, beginning of year</b>			23,399,733	23,399,733
Increase (decrease) in reserve for inventory			(341,856)	(341,856)
<b>Fund balances (deficits), end of year</b>	<u>\$ (301,333,473)</u>	<u>\$ (310,458,357)</u>	<u>\$ 15,716,051</u>	<u>\$ 326,174,408</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**TITLE I GRANTS**  
**YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 23,230,301	\$ 23,230,301
<b>Total revenues</b>			<u>23,230,301</u>	<u>23,230,301</u>
<b>Expenditures:</b>				
Current -				
Instruction	17,775,483	18,007,871	11,664,015	6,343,856
Support services - students and staff	10,581,807	10,720,149	6,943,629	3,776,520
Support services - administration	2,991,991	3,031,106	1,963,301	1,067,805
Operation and maintenance of plant services	393,608	398,754	258,280	140,474
Student transportation services	30,894	31,298	20,272	11,026
Capital outlay	1,204,911	1,220,663	790,645	430,018
<b>Total expenditures</b>	<u>32,978,694</u>	<u>33,409,841</u>	<u>21,640,142</u>	<u>11,769,699</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(32,978,694)</u>	<u>(33,409,841)</u>	<u>1,590,159</u>	<u>35,000,000</u>
<b>Other financing sources (uses):</b>				
Transfers out	(1,590,159)	(1,590,159)	(1,590,159)	
<b>Total other financing sources (uses):</b>	<u>(1,590,159)</u>	<u>(1,590,159)</u>	<u>(1,590,159)</u>	
<b>Changes in fund balances</b>	<u>(34,568,853)</u>	<u>(35,000,000)</u>		<u>35,000,000</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (34,568,853)</u>	<u>\$ (35,000,000)</u>	<u>\$</u>	<u>\$ 35,000,000</u>

See accompanying notes to this schedule.



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL EDUCATION GRANTS  
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 9,549,231	\$ 9,549,231
<b>Total revenues</b>			<u>9,549,231</u>	<u>9,549,231</u>
<b>Expenditures:</b>				
Current -				
Instruction	7,877,326	8,708,818	8,121,421	587,397
Support services - students and staff	845,002	934,196	871,186	63,010
Support services - administration	4,858	5,371	5,009	362
<b>Total expenditures</b>	<u>8,727,186</u>	<u>9,648,385</u>	<u>8,997,616</u>	<u>650,769</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(8,727,186)</u>	<u>(9,648,385)</u>	<u>551,615</u>	<u>10,200,000</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(551,615)</u>	<u>(551,615)</u>	<u>(551,615)</u>	
<b>Total other financing sources (uses):</b>	<u>(551,615)</u>	<u>(551,615)</u>	<u>(551,615)</u>	
<b>Changes in fund balances</b>	<u>(9,278,801)</u>	<u>(10,200,000)</u>		<u>10,200,000</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (9,278,801)</u>	<u>\$ (10,200,000)</u>	<u>\$</u>	<u>\$ 10,200,000</u>

See accompanying notes to this schedule.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2013**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exceptions: 1) a portion of the General Fund activity is budgeted for separately as special revenue and capital projects funds and 2) a portion of the fiscal year 2012-13 insurance payments were budgeted for in fiscal year 2011-12. Consequently, the following adjustments were necessary to present actual expenditures, fund balance at July 1, 2012, and fund balance at June 30, 2013 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total Expenditures</u>	<u>Fund Balance, June 30, 2013</u>	<u>Fund Balance, July 1, 2012</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 326,200,538	\$ 32,466,579	\$ 46,645,741
Fiscal year 2012-13 activity budgeted as special revenue funds	(12,418,128)	(12,397,808)	(16,220,933)
Fiscal year 2012-13 activity budgeted as capital projects funds	(1,843,789)	(4,352,720)	(4,560,361)
Fiscal year 2012-13 insurance payments budgeted in 2011-12	<u>(2,464,714)</u>	<u>                    </u>	<u>(2,464,714)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 309,473,907</u>	<u>\$15,716,051</u>	<u>\$ 23,399,733</u>

	<u>Title I Grants Fund Total Expenditures</u>	<u>Special Education Grants Fund Total Expenditures</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 21,853,344	\$ 9,080,990
Fiscal year 2012-13 insurance payments budgeted in 2011-12	<u>(213,202)</u>	<u>(83,374)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	<u>\$ 21,640,142</u>	<u>\$ 8,997,616</u>

(This page intentionally left blank)

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

(This page intentionally left blank)

**GOVERNMENTAL FUNDS**

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2013**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 8,257,837	\$	\$ 8,257,837
Cash and investments-restricted		1,227,716	1,227,716
Property taxes receivable		537,572	537,572
Accounts receivable	192,090		192,090
Due from governmental entities	6,765,431	276,064	7,041,495
Due from other funds	14,401,740	6,723,504	21,125,244
Inventory	615,459		615,459
<b>Total assets</b>	<b><u>\$ 30,232,557</u></b>	<b><u>\$ 8,764,856</u></b>	<b><u>\$ 38,997,413</u></b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 725,570	\$ 1,204,140	\$ 1,929,710
Due to governmental entities		14,857	14,857
Due to other funds	3,563,530	32,372	3,595,902
Accrued payroll and employee benefits	2,836,774	10,398	2,847,172
Deferred revenues	247,796	468,019	715,815
<b>Total liabilities</b>	<b><u>7,373,670</u></b>	<b><u>1,729,786</u></b>	<b><u>9,103,456</u></b>
Fund balances (deficits):			
Nonspendable	615,459		615,459
Restricted	22,243,428	6,320,059	28,563,487
Committed		747,383	747,383
Unassigned		(32,372)	(32,372)
<b>Total fund balances</b>	<b><u>22,858,887</u></b>	<b><u>7,035,070</u></b>	<b><u>29,893,957</u></b>
 <b>Total liabilities and fund balances</b>	 <b><u>\$ 30,232,557</u></b>	 <b><u>\$ 8,764,856</u></b>	 <b><u>\$ 38,997,413</u></b>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2013**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 10,623,834	\$ 319,487	\$ 10,943,321
Property taxes		6,284,621	6,284,621
State aid and grants	18,392,480	3,342,112	21,734,592
Federal aid, grants and reimbursements	<u>34,488,547</u>		<u>34,488,547</u>
<b>Total revenues</b>	<u>63,504,861</u>	<u>9,946,220</u>	<u>73,451,081</u>
<b>Expenditures:</b>			
Current -			
Instruction	22,417,774		22,417,774
Support services - students and staff	9,131,027		9,131,027
Support services - administration	1,429,418	3,420	1,432,838
Operation and maintenance of plant services	2,922,928		2,922,928
Student transportation services	254,549		254,549
Operation of non-instructional services	20,878,822		20,878,822
Capital outlay	3,582,805	18,912,266	22,495,071
Debt service -			
Principal retirement		4,713,359	4,713,359
Interest and fiscal charges		498,070	498,070
<b>Total expenditures</b>	<u>60,617,323</u>	<u>24,127,115</u>	<u>84,744,438</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,887,538</u>	<u>(14,180,895)</u>	<u>(11,293,357)</u>
<b>Other financing sources (uses):</b>			
Transfers out	(1,109,462)		(1,109,462)
Capital lease agreements		7,526,101	7,526,101
Proceeds from sale of capital assets		48,617	48,617
<b>Total other financing sources (uses):</b>	<u>(1,109,462)</u>	<u>7,574,718</u>	<u>6,465,256</u>
<b>Changes in fund balances</b>	<u>1,778,076</u>	<u>(6,606,177)</u>	<u>(4,828,101)</u>
<b>Fund balances, beginning of year</b>	21,070,287	13,641,247	34,711,534
Increase (decrease) in reserve for inventory	10,524		10,524
<b>Fund balances, end of year</b>	<u>\$ 22,858,887</u>	<u>\$ 7,035,070</u>	<u>\$ 29,893,957</u>



## **SPECIAL REVENUE FUNDS**

**Classroom Site** - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

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

**County, City, and Town Grants** - to account for monies received from county, city and town grants.

**Structured English Immersion** - to account for monies received to provide for the incremental cost of instruction to English language learners.

**Professional Development and Technology Grants** - to account for financial assistance received to increase student academic achievement through improving teacher quality.

**Title IV Grants** - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

**Promote Informed Parent Choice** - to account for financial assistance received to promote parent choices in the education of their students.

**Limited English & Immigrant Students** - to account for financial assistance received for educational services and costs for limited English and immigrant children.

**Indian Education** - to account for financial assistance received for Indian education at preschool, elementary, secondary and adult levels.

**Johnson-O'Malley** - to account for financial assistance received to meet the unique educational needs of eligible Indian children.

**Vocational Education** - to account for financial assistance received for preparation of individuals for employment or advancement in a career not requiring a baccalaureate or advanced degree.

**Homeless Education** - to account for financial assistance received for the needs of homeless children.

**Medicaid Reimbursement** - to account for reimbursements related to specific health services provided to eligible students.

**E-Rate** - to account for financial assistance received for broadband internet and telecommunication costs.

**Impact Aid** - to account for financial assistance to local educational agencies that are financially burdened by federal activities.

**Other Federal Projects** - to account for financial assistance received for other supplemental federal projects.

**State Vocational Education** - to account for financial assistance received for the preparation of individuals for employment.

**Chemical Abuse Prevention Programs** - to account for financial assistance received for chemical abuse awareness programs.

**Failing Schools Tutoring Grant** - to account for monies used to assist high school students to pass the AIMS test or to assist students who are underperforming.

**Other State Projects** - to account for financial assistance received for other State 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.

**Civic Center** - to account for monies received from the rental of school facilities for civic activities.

**Community School** - to account for activity related to academic and skill development for all citizens.

**Auxiliary Operations** - to account for activity arising from bookstore, athletic and miscellaneous District related operations and to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the taxpayer in accordance with A.R.S. §43-1089.01.

**Extracurricular Activities Fees Tax Credit** - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

**Gifts and Donations** - to account for activity related to gifts, donations, bequests and private grants made to the District.

**Career, Technical and Vocational Education** - to account for activity related to the production and subsequent sale of items produced in an instructional program by career and technical and vocational education pupils.

**Fingerprint** - to account for activity of fingerprinting employees as mandated by the State.

**Insurance Proceeds** - to account for the monies received from insurance claims.

**SPECIAL REVENUE FUNDS**  
**(Concluded)**

**Textbooks** - to account for monies received from students to replace or repair lost or damaged textbooks.

**Litigation Recovery** - to account for monies received for and derived from litigation.

**Indirect Costs** - to account for monies received from federal projects for administrative costs.

**Insurance Refund** - to account for insurance premium payments that are refunded to the District.

**Joint Technical Education** - to account for monies received from Joint Technical Education Districts for vocational education programs.

**District Services** - to account for the financial activity of providing goods and services to departments or schools within the District, or other districts on a reimbursement basis.

**Intergovernmental Agreements** - to account for the financial activities relating to agreements with other governments not required to be accounted for elsewhere.

(This page intentionally left blank)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$	\$
Accounts receivable			
Due from governmental entities	1,133,119	882,331	
Due from other funds	6,060,313		2,160
Inventory			
<b>Total assets</b>	<b>\$ 7,193,432</b>	<b>\$ 882,331</b>	<b>\$ 2,160</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds		239,028	
Accrued payroll and employee benefits	931,441	304,425	
Deferred revenues			
<b>Total liabilities</b>	<b>931,441</b>	<b>543,453</b>	
Fund balances:			
Nonspendable			
Restricted	6,261,991	338,878	2,160
<b>Total fund balances</b>	<b>6,261,991</b>	<b>338,878</b>	<b>2,160</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 7,193,432</b>	<b>\$ 882,331</b>	<b>\$ 2,160</b>

<u>Structured English Immersion</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Promote Informed Parent Choice</u>	<u>Limited English &amp; Immigrant Students</u>	<u>Indian Education</u>
\$ 177	\$	\$	\$	\$	\$
	957,717	1,273,792	403,693	259,438	511,396
<u>\$ 177</u>	<u>\$ 957,717</u>	<u>\$ 1,273,792</u>	<u>\$ 403,693</u>	<u>\$ 259,438</u>	<u>\$ 511,396</u>
\$	\$ 19,244	\$ 14,501	\$ 8,738	\$	\$
	781,673	939,074	332,431	175,297	487,323
	156,800	320,217	62,524	84,141	24,073
<u>177</u>	<u>957,717</u>	<u>1,273,792</u>	<u>403,693</u>	<u>259,438</u>	<u>511,396</u>
<u>177</u>					
<u>\$ 177</u>	<u>\$ 957,717</u>	<u>\$ 1,273,792</u>	<u>\$ 403,693</u>	<u>\$ 259,438</u>	<u>\$ 511,396</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	Johnson O'Malley	Vocational Education	Homeless Education
<b><u>ASSETS</u></b>			
Cash and investments	\$ 11,795	\$	\$
Accounts receivable			
Due from governmental entities		529,843	20,339
Due from other funds			
Inventory			
<b>Total assets</b>	\$ 11,795	\$ 529,843	\$ 20,339
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$ 5,026
Due to other funds		493,438	15,313
Accrued payroll and employee benefits		36,405	
Deferred revenues	11,795		
<b>Total liabilities</b>	11,795	529,843	20,339
Fund balances:			
Nonspendable			
Restricted			
<b>Total fund balances</b>			
 <b>Total liabilities and fund balances</b>	\$ 11,795	\$ 529,843	\$ 20,339

<u>E-Rate</u>	<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Chemical Abuse Prevention Programs</u>	<u>Failing Schools Tutoring Grant</u>	<u>Other State Projects</u>
\$ 2,682,468	\$	\$ 130,161	\$ 132,144	\$	\$
49,411	180,193			905	28,537
<u>\$ 2,731,879</u>	<u>\$ 180,193</u>	<u>\$ 130,161</u>	<u>\$ 132,144</u>	<u>\$ 905</u>	<u>\$ 28,537</u>
\$	\$ 47,483	\$	\$	\$	\$
	47,054			905	28,537
	85,656	56,656	19,236		
49,411		73,505	112,908		
<u>49,411</u>	<u>180,193</u>	<u>130,161</u>	<u>132,144</u>	<u>905</u>	<u>28,537</u>
<u>2,682,468</u>					
<u>2,682,468</u>					
<u>\$ 2,731,879</u>	<u>\$ 180,193</u>	<u>\$ 130,161</u>	<u>\$ 132,144</u>	<u>\$ 905</u>	<u>\$ 28,537</u>

(Continued)



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$	\$
Accounts receivable		48,767	107,790
Due from governmental entities	534,717		
Due from other funds	3,403,735	2,700,431	1,216,002
Inventory	615,459		
<b>Total assets</b>	<u>\$ 4,553,911</u>	<u>\$ 2,749,198</u>	<u>\$ 1,323,792</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 194,882	\$ 8,108	\$ 15,604
Due to other funds			
Accrued payroll and employee benefits	331,671	12,573	310,207
Deferred revenues			
<b>Total liabilities</b>	<u>526,553</u>	<u>20,681</u>	<u>325,811</u>
Fund balances:			
Nonspendable	615,459		
Restricted	3,411,899	2,728,517	997,981
<b>Total fund balances</b>	<u>4,027,358</u>	<u>2,728,517</u>	<u>997,981</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,553,911</u>	<u>\$ 2,749,198</u>	<u>\$ 1,323,792</u>

<u>Extracurricular Activities Fees Tax Credit</u>	<u>Career, Technical and Vocational Education</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>
\$ 5,301,092	\$	\$	\$	\$ 35,533	\$
448,173	1,763	459	187,841		380,863
<u>\$ 5,749,265</u>	<u>\$ 1,763</u>	<u>\$ 459</u>	<u>\$ 187,841</u>	<u>\$ 35,533</u>	<u>\$ 380,863</u>
\$ 381,990	\$	\$	\$	\$ 23,457	\$ 29,994
32,806				6,953	60,990
<u>414,796</u>				<u>30,410</u>	<u>90,984</u>
<u>5,334,469</u>	<u>1,763</u>	<u>459</u>	<u>187,841</u>	<u>5,123</u>	<u>289,879</u>
<u>5,334,469</u>	<u>1,763</u>	<u>459</u>	<u>187,841</u>	<u>5,123</u>	<u>289,879</u>
<u>\$ 5,749,265</u>	<u>\$ 1,763</u>	<u>\$ 459</u>	<u>\$ 187,841</u>	<u>\$ 35,533</u>	<u>\$ 380,863</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	Totals
<b><u>ASSETS</u></b>	
Cash and investments	\$ 8,257,837
Accounts receivable	192,090
Due from governmental entities	6,765,431
Due from other funds	14,401,740
Inventory	615,459
<b>Total assets</b>	<b>\$ 30,232,557</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>	
Liabilities:	
Accounts payable	\$ 725,570
Due to other funds	3,563,530
Accrued payroll and employee benefits	2,836,774
Deferred revenues	247,796
<b>Total liabilities</b>	<b>7,373,670</b>
Fund balances:	
Nonspendable	615,459
Restricted	22,243,428
<b>Total fund balances</b>	<b>22,858,887</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 30,232,557</b>

(This page intentionally left blank)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<b>Revenues:</b>			
Other local	\$ 10,336	\$ 24,789	\$ 29,841
State aid and grants	15,245,050	2,040,366	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>15,255,386</u>	<u>2,065,155</u>	<u>29,841</u>
<b>Expenditures:</b>			
Current -			
Instruction	11,196,902	4,387,699	22,490
Support services - students and staff	624,961	50,979	16,916
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		20	
Operation of non-instructional services			
Capital outlay			4,135
<b>Total expenditures</b>	<u>11,821,863</u>	<u>4,438,698</u>	<u>43,541</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,433,523</u>	<u>(2,373,543)</u>	<u>(13,700)</u>
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>3,433,523</u>	<u>(2,373,543)</u>	<u>(13,700)</u>
<b>Fund balances (deficits), beginning of year</b>	2,828,468	2,712,421	15,860
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	<u>\$ 6,261,991</u>	<u>\$ 338,878</u>	<u>\$ 2,160</u>

<u>Structured English Immersion</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Promote Informed Parent Choice</u>	<u>Limited English &amp; Immigrant Students</u>	<u>Indian Education</u>
\$ 25,458	\$	\$	\$	\$	\$
	3,738,056	2,424,069	1,826,942	964,399	415,512
<u>25,458</u>	<u>3,738,056</u>	<u>2,424,069</u>	<u>1,826,942</u>	<u>964,399</u>	<u>415,512</u>
25,458	175	1,349,749	556,453	125,817	222,847
	3,477,638	804,880	885,637	778,993	149,703
	2,040	116,103	238,056	1,181	7,058
	241	4,431	948	32,336	231
		3,950		150	
		9,139	49,971	7,362	12,488
<u>25,458</u>	<u>3,480,094</u>	<u>2,288,252</u>	<u>1,731,065</u>	<u>945,839</u>	<u>392,327</u>
	257,962	135,817	95,877	18,560	23,185
	(257,962)	(135,817)	(95,877)	(18,560)	(23,185)
	<u>(257,962)</u>	<u>(135,817)</u>	<u>(95,877)</u>	<u>(18,560)</u>	<u>(23,185)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Johnson O'Malley	Vocational Education	Homeless Education
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	3,816	1,768,966	93,099
<b>Total revenues</b>	3,816	1,768,966	93,099
<b>Expenditures:</b>			
Current -			
Instruction	3,678	419,120	3,046
Support services - students and staff		522,536	77,508
Support services - administration		8,330	7,168
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		765,447	
<b>Total expenditures</b>	3,678	1,715,433	87,722
<b>Excess (deficiency) of revenues over expenditures</b>	138	53,533	5,377
<b>Other financing sources (uses):</b>			
Transfers out	(138)	(53,533)	(5,377)
<b>Total other financing sources (uses):</b>	(138)	(53,533)	(5,377)
<b>Changes in fund balances</b>			
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	\$	\$	\$

<u>E-Rate</u>	<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Chemical Abuse Prevention Programs</u>	<u>Failing Schools Tutoring Grant</u>	<u>Other State Projects</u>
\$	\$	\$	\$	\$	\$
4,796,624	610,048	463,105	257,059	90,000	271,442
<u>4,796,624</u>	<u>610,048</u>	<u>463,105</u>	<u>257,059</u>	<u>90,000</u>	<u>271,442</u>
	256,664	188,206	113,062	90,000	163,838
	293,297	197,942	126,581		104,602
531,709	41,074	52,004			1,468
2,779,074		5,177			
		10,740			1,534
1,961,282		9,036	17,416		
<u>5,272,065</u>	<u>591,035</u>	<u>463,105</u>	<u>257,059</u>	<u>90,000</u>	<u>271,442</u>
<u>(475,441)</u>	<u>19,013</u>				
	(19,013)				
	<u>(19,013)</u>				
<u>(475,441)</u>					
3,157,909					
<u>\$ 2,682,468</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
<b>Revenues:</b>			
Other local	\$ 2,203,625	\$ 790,497	\$ 2,103,025
State aid and grants			
Federal aid, grants and reimbursements	17,567,092		279,924
<b>Total revenues</b>	<u>19,770,717</u>	<u>790,497</u>	<u>2,382,949</u>
<b>Expenditures:</b>			
Current -			
Instruction		139,831	
Support services - students and staff		24,532	
Support services - administration	1,470	200,266	
Operation and maintenance of plant services		70,759	
Student transportation services		2,045	
Operation of non-instructional services	18,503,425		2,375,397
Capital outlay	108,426	97,136	10,228
<b>Total expenditures</b>	<u>18,613,321</u>	<u>534,569</u>	<u>2,385,625</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,157,396</u>	<u>255,928</u>	<u>(2,676)</u>
<b>Other financing sources (uses):</b>			
Transfers out	(500,000)		
<b>Total other financing sources (uses):</b>	<u>(500,000)</u>		
<b>Changes in fund balances</b>	<u>657,396</u>	<u>255,928</u>	<u>(2,676)</u>
<b>Fund balances (deficits), beginning of year</b>	3,359,438	2,472,589	1,000,657
Increase (decrease) in reserve for inventory	10,524		
<b>Fund balances, end of year</b>	<u>\$ 4,027,358</u>	<u>\$ 2,728,517</u>	<u>\$ 997,981</u>

Extracurricular Activities Fees Tax Credit	Career, Technical and Vocational Education	Fingerprint	Textbooks	Insurance Refund	Joint Technical Education
\$ 2,870,996	\$ 1,990	\$ 17,860	\$ 25,824	\$ 57,853	\$ 2,487,198
<u>2,870,996</u>	<u>1,990</u>	<u>17,860</u>	<u>25,824</u>	<u>57,853</u>	<u>2,487,198</u>
2,131,888	115		7,212	275	1,013,249
82,952			12,835	3,000	895,535
		17,820		57,122	146,549
				111	29,620
223,891					12,219
<u>201,530</u>					<u>329,209</u>
<u>2,640,261</u>	<u>115</u>	<u>17,820</u>	<u>20,047</u>	<u>60,508</u>	<u>2,426,381</u>
<u>230,735</u>	<u>1,875</u>	<u>40</u>	<u>5,777</u>	<u>(2,655)</u>	<u>60,817</u>
<u>230,735</u>	<u>1,875</u>	<u>40</u>	<u>5,777</u>	<u>(2,655)</u>	<u>60,817</u>
5,103,734	(112)	419	182,064	7,778	229,062
<u>\$ 5,334,469</u>	<u>\$ 1,763</u>	<u>\$ 459</u>	<u>\$ 187,841</u>	<u>\$ 5,123</u>	<u>\$ 289,879</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Totals
<b>Revenues:</b>	
Other local	\$ 10,623,834
State aid and grants	18,392,480
Federal aid, grants and reimbursements	34,488,547
<b>Total revenues</b>	<b>63,504,861</b>
<b>Expenditures:</b>	
Current -	
Instruction	22,417,774
Support services - students and staff	9,131,027
Support services - administration	1,429,418
Operation and maintenance of plant services	2,922,928
Student transportation services	254,549
Operation of non-instructional services	20,878,822
Capital outlay	3,582,805
<b>Total expenditures</b>	<b>60,617,323</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,887,538</b>
<b>Other financing sources (uses):</b>	
Transfers out	(1,109,462)
<b>Total other financing sources (uses):</b>	<b>(1,109,462)</b>
<b>Changes in fund balances</b>	<b>1,778,076</b>
<b>Fund balances (deficits), beginning of year</b>	<b>21,070,287</b>
Increase (decrease) in reserve for inventory	10,524
<b>Fund balances, end of year</b>	<b>\$ 22,858,887</b>

(This page intentionally left blank)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Classroom Site		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$ 10,336	\$ 10,336
State aid and grants		15,245,050	15,245,050
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>15,255,386</u>	<u>15,255,386</u>
<b>Expenditures:</b>			
Current -			
Instruction	16,125,553	11,139,172	4,986,381
Support services - students and staff	1,943,370	621,544	1,321,826
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>18,068,923</u>	<u>11,760,716</u>	<u>6,308,207</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(18,068,923)</u>	<u>3,494,670</u>	<u>21,563,593</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(18,068,923)</u>	<u>3,494,670</u>	<u>21,563,593</u>
<b>Fund balances (deficits), beginning of year</b>		2,767,321	2,767,321
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (18,068,923)</u>	<u>\$ 6,261,991</u>	<u>\$ 24,330,914</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 24,789 2,040,366	\$ 24,789 2,040,366	\$	\$ 29,841	\$ 29,841
	<u>2,065,155</u>	<u>2,065,155</u>		<u>29,841</u>	<u>29,841</u>
6,114,501	4,376,317 50,033	1,738,184 (50,033)		22,490 16,916	(22,490) (16,916)
<u>6,114,501</u>	<u>4,426,350</u>	<u>1,688,151</u>		<u>4,135</u> <u>43,541</u>	<u>(4,135)</u> <u>(43,541)</u>
<u>(6,114,501)</u>	<u>(2,361,195)</u>	<u>3,753,306</u>		<u>(13,700)</u>	<u>(13,700)</u>
<u>(6,114,501)</u>	<u>(2,361,195)</u>	<u>3,753,306</u>		<u>(13,700)</u>	<u>(13,700)</u>
	2,700,073	2,700,073		15,860	15,860
<u>\$ (6,114,501)</u>	<u>\$ 338,878</u>	<u>\$ 6,453,379</u>	<u>\$</u>	<u>\$ 2,160</u>	<u>\$ 2,160</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Structured English Immersion		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		25,458	25,458
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>25,458</u>	<u>25,458</u>
<b>Expenditures:</b>			
Current -			
Instruction	26,000	25,458	542
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>26,000</u>	<u>25,458</u>	<u>542</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(26,000)</u>		<u>26,000</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(26,000)</u>		<u>26,000</u>
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (26,000)</u>	<u>\$</u>	<u>\$ 26,000</u>

Professional Development and Technology Grants			Title IV Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	3,708,577	3,708,577		2,408,784	2,408,784
	3,708,577	3,708,577		2,408,784	2,408,784
7,587,134	3,448,386	4,138,748	1,571,193	1,340,474	230,719
4,420	2,009	2,411	937,215	799,592	137,623
484	220	264	135,262	115,400	19,862
			5,171	4,412	759
			4,630	3,950	680
			10,712	9,139	1,573
7,592,038	3,450,615	4,141,423	2,664,183	2,272,967	391,216
(7,592,038)	257,962	7,850,000	(2,664,183)	135,817	2,800,000
(257,962)	(257,962)		(135,817)	(135,817)	
(257,962)	(257,962)		(135,817)	(135,817)	
(7,850,000)		7,850,000	(2,800,000)		2,800,000
\$ (7,850,000)	\$	\$ 7,850,000	\$ (2,800,000)	\$	\$ 2,800,000



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Promote Informed Parent Choice		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,812,828	1,812,828
<b>Total revenues</b>		<u>1,812,828</u>	<u>1,812,828</u>
<b>Expenditures:</b>			
Current -			
Instruction	948,363	551,996	396,367
Support services - students and staff	1,509,470	878,589	630,881
Support services - administration	404,513	235,447	169,066
Operation and maintenance of plant services	1,629	948	681
Student transportation services			
Operation of non-instructional services			
Capital outlay	85,853	49,971	35,882
<b>Total expenditures</b>	<u>2,949,828</u>	<u>1,716,951</u>	<u>1,232,877</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,949,828)</u>	<u>95,877</u>	<u>3,045,705</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out	(95,877)	(95,877)	
<b>Total other financing sources (uses):</b>	<u>(95,877)</u>	<u>(95,877)</u>	
<b>Changes in fund balances</b>	<u>(3,045,705)</u>		<u>3,045,705</u>
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (3,045,705)</u>	<u>\$</u>	<u>\$ 3,045,705</u>

Limited English & Immigrant Students			Indian Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	955,099	955,099		415,512	415,512
	955,099	955,099		415,512	415,512
201,741	124,428	77,313	391,688	222,847	168,841
1,250,223	771,103	479,120	263,126	149,703	113,423
1,881	1,160	721	12,406	7,058	5,348
52,428	32,336	20,092	406	231	175
243	150	93			
11,936	7,362	4,574	21,950	12,488	9,462
1,518,452	936,539	581,913	689,576	392,327	297,249
(1,518,452)	18,560	1,537,012	(689,576)	23,185	712,761
(18,560)	(18,560)		(23,185)	(23,185)	
(18,560)	(18,560)		(23,185)	(23,185)	
(1,537,012)		1,537,012	(712,761)		712,761
\$ (1,537,012)	\$	\$ 1,537,012	\$ (712,761)	\$	\$ 712,761

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		3,816	3,816
<b>Total revenues</b>		<u>3,816</u>	<u>3,816</u>
<b>Expenditures:</b>			
Current -			
Instruction	57,186	3,678	53,508
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>57,186</u>	<u>3,678</u>	<u>53,508</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(57,186)</u>	<u>138</u>	<u>57,324</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out	(138)	(138)	
<b>Total other financing sources (uses):</b>	<u>(138)</u>	<u>(138)</u>	
<b>Changes in fund balances</b>	<u>(57,324)</u>		<u>57,324</u>
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (57,324)</u>	<u>\$</u>	<u>\$ 57,324</u>

Vocational Education			Homeless Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,761,854	1,761,854		93,099	93,099
	1,761,854	1,761,854		93,099	93,099
443,998	417,182	26,816	3,987	3,046	941
550,618	517,362	33,256	101,453	77,508	23,945
8,865	8,330	535	9,382	7,168	2,214
814,651	765,447	49,204			
1,818,132	1,708,321	109,811	114,822	87,722	27,100
(1,818,132)	53,533	1,871,665	(114,822)	5,377	120,199
(53,533)	(53,533)		(5,377)	(5,377)	
(53,533)	(53,533)		(5,377)	(5,377)	
(1,871,665)		1,871,665	(120,199)		120,199
\$ (1,871,665)	\$	\$ 1,871,665	\$ (120,199)	\$	\$ 120,199

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,444,269	1,444,269
<b>Total revenues</b>		1,444,269	1,444,269
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	100,322	87,316	13,006
Support services - administration	139,762	121,642	18,120
Operation and maintenance of plant services	5,744,792	5,000,000	744,792
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	5,984,876	5,208,958	775,918
<b>Excess (deficiency) of revenues over expenditures</b>	(5,984,876)	(3,764,689)	2,220,187
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(5,984,876)	(3,764,689)	2,220,187
<b>Fund balances (deficits), beginning of year</b>		4,754,889	4,754,889
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (5,984,876)	\$ 990,200	\$ 6,975,076

E-Rate			Impact Aid		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	4,796,624	4,796,624		1,206,125	1,206,125
	4,796,624	4,796,624		1,206,125	1,206,125
			366,409	330,557	35,852
			190,002	171,411	18,591
1,512,810	531,709	981,101			
7,906,980	2,779,074	5,127,906	3,143,589	2,836,000	307,589
5,580,210	1,961,282	3,618,928			
15,000,000	5,272,065	9,727,935	3,700,000	3,337,968	362,032
(15,000,000)	(475,441)	14,524,559	(3,700,000)	(2,131,843)	1,568,157
(15,000,000)	(475,441)	14,524,559	(3,700,000)	(2,131,843)	1,568,157
	3,157,909	3,157,909		2,377,479	2,377,479
\$ (15,000,000)	\$ 2,682,468	\$ 17,682,468	\$ (3,700,000)	\$ 245,636	\$ 3,945,636

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		610,048	610,048
<b>Total revenues</b>		610,048	610,048
<b>Expenditures:</b>			
Current -			
Instruction	616,239	256,664	359,575
Support services - students and staff	704,194	293,297	410,897
Support services - administration	98,617	41,074	57,543
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	1,419,050	591,035	828,015
<b>Excess (deficiency) of revenues over expenditures</b>	(1,419,050)	19,013	1,438,063
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out	(19,013)	(19,013)	
<b>Total other financing sources (uses):</b>	(19,013)	(19,013)	
<b>Changes in fund balances</b>	(1,438,063)		1,438,063
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (1,438,063)	\$	\$ 1,438,063

State Vocational Education

Chemical Abuse Prevention Programs

State Vocational Education			Chemical Abuse Prevention Programs		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	463,105	463,105		257,059	257,059
	<u>463,105</u>	<u>463,105</u>		<u>257,059</u>	<u>257,059</u>
190,602	188,206	2,396	35,605	113,062	(77,457)
200,461	197,942	2,519	39,863	126,581	(86,718)
52,666	52,004	662			
5,243	5,177	66			
10,877	10,740	137			
9,151	9,036	115	5,485	17,416	(11,931)
<u>469,000</u>	<u>463,105</u>	<u>5,895</u>	<u>80,953</u>	<u>257,059</u>	<u>(176,106)</u>
(469,000)		469,000	(80,953)		80,953
(469,000)		469,000	(80,953)		80,953
<u>\$ (469,000)</u>	<u>\$</u>	<u>\$ 469,000</u>	<u>\$ (80,953)</u>	<u>\$</u>	<u>\$ 80,953</u>



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Failing Schools Tutoring Grant		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		90,000	90,000
Federal aid, grants and reimbursements			
<b>Total revenues</b>		90,000	90,000
<b>Expenditures:</b>			
Current -			
Instruction		90,000	(90,000)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>		90,000	(90,000)
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>			
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$	\$	\$

Other State Projects			Food Service		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	271,442	271,442		2,203,625	2,203,625
				17,567,092	17,567,092
	<u>271,442</u>	<u>271,442</u>		<u>19,770,717</u>	<u>19,770,717</u>
270,263	163,838	106,425			
172,548	104,602	67,946			
2,422	1,468	954	1,784	1,470	314
2,530	1,534	996			
			22,366,643	18,425,316	3,941,327
			131,573	108,388	23,185
<u>447,763</u>	<u>271,442</u>	<u>176,321</u>	<u>22,500,000</u>	<u>18,535,174</u>	<u>3,964,826</u>
<u>(447,763)</u>		<u>447,763</u>	<u>(22,500,000)</u>	<u>1,235,543</u>	<u>23,735,543</u>
			(500,000)	(500,000)	
			(500,000)	(500,000)	
<u>(447,763)</u>		<u>447,763</u>	<u>(23,000,000)</u>	<u>735,543</u>	<u>23,735,543</u>
				3,281,291	3,281,291
				10,524	10,524
<u>\$ (447,763)</u>	<u>\$</u>	<u>\$ 447,763</u>	<u>\$ (23,000,000)</u>	<u>\$ 4,027,358</u>	<u>\$ 27,027,358</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 790,497	\$ 790,497
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>790,497</u>	<u>790,497</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,307,885	139,831	1,168,054
Support services - students and staff	229,456	24,532	204,924
Support services - administration	1,873,154	200,266	1,672,888
Operation and maintenance of plant services	661,832	70,759	591,073
Student transportation services	19,128	2,045	17,083
Operation of non-instructional services			
Capital outlay	908,545	97,136	811,409
<b>Total expenditures</b>	<u>5,000,000</u>	<u>534,569</u>	<u>4,465,431</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(5,000,000)</u>	<u>255,928</u>	<u>5,255,928</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(5,000,000)</u>	<u>255,928</u>	<u>5,255,928</u>
<b>Fund balances (deficits), beginning of year</b>		2,472,589	2,472,589
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (5,000,000)</u>	<u>\$ 2,728,517</u>	<u>\$ 7,728,517</u>

Community School			Auxiliary Operations		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,103,025	\$ 2,103,025	\$	\$ 909,806	\$ 909,806
	279,924	279,924			
	<u>2,382,949</u>	<u>2,382,949</u>		<u>909,806</u>	<u>909,806</u>
			927,814	455,446	472,368
			402,886	197,769	205,117
			151,705	74,469	77,236
			955	469	486
			14,857	7,293	7,564
3,982,708	2,355,703	1,627,005			
17,292	10,228	7,064	22,696	11,141	11,555
<u>4,000,000</u>	<u>2,365,931</u>	<u>1,634,069</u>	<u>1,520,913</u>	<u>746,587</u>	<u>774,326</u>
(4,000,000)	17,018	4,017,018	(1,520,913)	163,219	1,684,132
(4,000,000)	17,018	4,017,018	(1,520,913)	163,219	1,684,132
	980,963	980,963		755,713	755,713
<u>\$ (4,000,000)</u>	<u>\$ 997,981</u>	<u>\$ 4,997,981</u>	<u>\$ (1,520,913)</u>	<u>\$ 918,932</u>	<u>\$ 2,439,845</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 2,870,996	\$ 2,870,996
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		2,870,996	2,870,996
<b>Expenditures:</b>			
Current -			
Instruction	6,293,686	2,131,888	4,161,798
Support services - students and staff	244,888	82,952	161,936
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	660,963	223,891	437,072
Operation of non-instructional services			
Capital outlay	594,950	201,530	393,420
<b>Total expenditures</b>	7,794,487	2,640,261	5,154,226
<b>Excess (deficiency) of revenues over expenditures</b>	(7,794,487)	230,735	8,025,222
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(7,794,487)	230,735	8,025,222
<b>Fund balances (deficits), beginning of year</b>		5,103,734	5,103,734
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (7,794,487)	\$ 5,334,469	\$ 13,128,956

Gifts and Donations			Career, Technical and Vocational Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 827,900	\$ 827,900	\$	\$ 1,990	\$ 1,990
	<u>827,900</u>	<u>827,900</u>		<u>1,990</u>	<u>1,990</u>
908,918	277,321	631,597	1,000	115	885
667,249	203,585	463,664			
79,479	24,250	55,229			
125,171	38,191	86,980			
105,899	32,311	73,588			
<u>639,833</u>	<u>195,220</u>	<u>444,613</u>			
<u>2,526,549</u>	<u>770,878</u>	<u>1,755,671</u>	<u>1,000</u>	<u>115</u>	<u>885</u>
<u>(2,526,549)</u>	<u>57,022</u>	<u>2,583,571</u>	<u>(1,000)</u>	<u>1,875</u>	<u>2,875</u>
<u>(2,526,549)</u>	<u>57,022</u>	<u>2,583,571</u>	<u>(1,000)</u>	<u>1,875</u>	<u>2,875</u>
	1,895,554	1,895,554		(112)	(112)
<u>\$ (2,526,549)</u>	<u>\$ 1,952,576</u>	<u>\$ 4,479,125</u>	<u>\$ (1,000)</u>	<u>\$ 1,763</u>	<u>\$ 2,763</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 17,860	\$ 17,860
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>17,860</u>	<u>17,860</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	31,395	17,820	13,575
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>31,395</u>	<u>17,820</u>	<u>13,575</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(31,395)</u>	<u>40</u>	<u>31,435</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(31,395)</u>	<u>40</u>	<u>31,435</u>
<b>Fund balances (deficits), beginning of year</b>		419	419
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (31,395)</u>	<u>\$ 459</u>	<u>\$ 31,854</u>

Insurance Proceeds			Textbooks		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 26,616	\$ 26,616	\$	\$ 25,824	\$ 25,824
	<u>26,616</u>	<u>26,616</u>		<u>25,824</u>	<u>25,824</u>
			72,203	7,212	64,991
			128,499	12,835	115,664
1,731	67	1,664			
<u>331,422</u>	<u>12,831</u>	<u>318,591</u>			
<u>333,153</u>	<u>12,898</u>	<u>320,255</u>	<u>200,702</u>	<u>20,047</u>	<u>180,655</u>
<u>(333,153)</u>	<u>13,718</u>	<u>346,871</u>	<u>(200,702)</u>	<u>5,777</u>	<u>206,479</u>
<u>(333,153)</u>	<u>13,718</u>	<u>346,871</u>	<u>(200,702)</u>	<u>5,777</u>	<u>206,479</u>
	319,323	319,323		182,064	182,064
<u>\$ (333,153)</u>	<u>\$ 333,041</u>	<u>\$ 666,194</u>	<u>\$ (200,702)</u>	<u>\$ 187,841</u>	<u>\$ 388,543</u>



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Litigation Recovery		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 10,000	\$ 10,000
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>                    </u>	<u>          10,000</u>	<u>          10,000</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	366,506		366,506
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>          366,506</u>	<u>                    </u>	<u>          366,506</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>          (366,506)</u>	<u>          10,000</u>	<u>          376,506</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Changes in fund balances</b>	<u>          (366,506)</u>	<u>          10,000</u>	<u>          376,506</u>
<b>Fund balances (deficits), beginning of year</b>		(110,412)	(110,412)
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>          \$ (366,506)</u>	<u>          \$ (100,412)</u>	<u>          \$ 266,094</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 13,024	\$ 13,024	\$	\$ 57,853	\$ 57,853
	<u>13,024</u>	<u>13,024</u>		<u>57,853</u>	<u>57,853</u>
1,482,114	252,026	1,230,088		275	(275)
6,664,162	1,133,207	5,530,955		3,000	(3,000)
153,724	26,140	127,584		57,122	(57,122)
				111	(111)
<u>8,300,000</u>	<u>1,411,373</u>	<u>6,888,627</u>		<u>60,508</u>	<u>(60,508)</u>
<u>(8,300,000)</u>	<u>(1,398,349)</u>	<u>6,901,651</u>		<u>(2,655)</u>	<u>(2,655)</u>
	3,251,236	3,251,236			
	<u>3,251,236</u>	<u>3,251,236</u>			
<u>(8,300,000)</u>	<u>1,852,887</u>	<u>10,152,887</u>		<u>(2,655)</u>	<u>(2,655)</u>
	5,926,008	5,926,008		7,778	7,778
<u>\$ (8,300,000)</u>	<u>\$ 7,778,895</u>	<u>\$ 16,078,895</u>	<u>\$</u>	<u>\$ 5,123</u>	<u>\$ 5,123</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Joint Technical Education		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 2,487,198	\$ 2,487,198
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>2,487,198</u>	<u>2,487,198</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,708,811	1,003,073	705,738
Support services - students and staff	1,510,708	886,786	623,922
Support services - administration	248,220	145,705	102,515
Operation and maintenance of plant services	50,431	29,603	20,828
Student transportation services	20,816	12,219	8,597
Operation of non-instructional services			
Capital outlay	<u>560,630</u>	<u>329,090</u>	<u>231,540</u>
<b>Total expenditures</b>	<u>4,099,616</u>	<u>2,406,476</u>	<u>1,693,140</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,099,616)</u>	<u>80,722</u>	<u>4,180,338</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(4,099,616)</u>	<u>80,722</u>	<u>4,180,338</u>
<b>Fund balances (deficits), beginning of year</b>		209,157	209,157
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (4,099,616)</u>	<u>\$ 289,879</u>	<u>\$ 4,389,495</u>

District Services			Intergovernmental Agreements		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 741,113	\$ 741,113	\$	\$ 164,914	\$ 164,914
	<u>741,113</u>	<u>741,113</u>		<u>164,914</u>	<u>164,914</u>
684,779	702,721	(17,942)	209,627	85,725	123,902
			306,646	125,400	181,246
<u>15,221</u>	<u>15,620</u>	<u>(399)</u>			
<u>700,000</u>	<u>718,341</u>	<u>(18,341)</u>	<u>516,273</u>	<u>211,125</u>	<u>305,148</u>
<u>(700,000)</u>	<u>22,772</u>	<u>722,772</u>	<u>(516,273)</u>	<u>(46,211)</u>	<u>470,062</u>
<u>(700,000)</u>	<u>22,772</u>	<u>722,772</u>	<u>(516,273)</u>	<u>(46,211)</u>	<u>470,062</u>
	49,199	49,199		253,180	253,180
<u>\$ (700,000)</u>	<u>\$ 71,971</u>	<u>\$ 771,971</u>	<u>\$ (516,273)</u>	<u>\$ 206,969</u>	<u>\$ 723,242</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET**  
**AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 13,317,207	\$ 13,317,207
State aid and grants		18,392,480	18,392,480
Federal aid, grants and reimbursements		37,063,651	37,063,651
<b>Total revenues</b>		<u>68,773,338</u>	<u>68,773,338</u>
<b>Expenditures:</b>			
Current -			
Instruction	38,793,272	23,470,301	15,322,971
Support services - students and staff	20,888,951	10,100,770	10,788,181
Support services - administration	12,117,684	3,481,499	8,636,185
Operation and maintenance of plant services	17,854,566	10,823,738	7,030,828
Student transportation services	839,943	294,133	545,810
Operation of non-instructional services	26,349,351	20,781,019	5,568,332
Capital outlay	9,762,110	3,817,460	5,944,650
<b>Total expenditures</b>	<u>126,605,877</u>	<u>72,768,920</u>	<u>53,836,957</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(126,605,877)</u>	<u>(3,995,582)</u>	<u>122,610,295</u>
<b>Other financing sources (uses):</b>			
Transfers in		3,251,236	3,251,236
Transfers out	(1,109,462)	(1,109,462)	
<b>Total other financing sources (uses):</b>	<u>(1,109,462)</u>	<u>2,141,774</u>	<u>3,251,236</u>
<b>Changes in fund balances</b>	<u>(127,715,339)</u>	<u>(1,853,808)</u>	<u>125,861,531</u>
<b>Fund balances (deficits), beginning of year</b>		37,099,979	37,099,979
Increase (decrease) in reserve for inventory		10,524	10,524
<b>Fund balances (deficits), end of year</b>	<u>\$ (127,715,339)</u>	<u>\$ 35,256,695</u>	<u>\$ 162,972,034</u>

## **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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE**  
**YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other local	\$	\$	\$ 57,527	\$ 57,527
Property taxes			39,967,592	39,967,592
Federal aid, grants and reimbursements			1,296,061	1,296,061
<b>Total revenues</b>			<u>41,321,180</u>	<u>41,321,180</u>
<b>Expenditures:</b>				
Debt service -				
Principal retirement	51,767,431	51,981,760	35,630,000	16,351,760
Interest and fiscal charges	12,571,383	12,571,383	12,576,999	(5,616)
<b>Total expenditures</b>	<u>64,338,814</u>	<u>64,553,143</u>	<u>48,206,999</u>	<u>16,346,144</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(64,338,814)</u>	<u>(64,553,143)</u>	<u>(6,885,819)</u>	<u>57,667,324</u>
<b>Other financing sources (uses):</b>				
Transfers in			22,260	22,260
<b>Total other financing sources (uses):</b>			<u>22,260</u>	<u>22,260</u>
<b>Changes in fund balances</b>	<u>(64,338,814)</u>	<u>(64,553,143)</u>	<u>(6,863,559)</u>	<u>57,689,584</u>
<b>Fund balances, beginning of year</b>			14,309,731	14,309,731
<b>Fund balances (deficits), end of year</b>	<u>\$ (64,338,814)</u>	<u>\$ (64,553,143)</u>	<u>\$ 7,446,172</u>	<u>\$ 71,999,315</u>

## CAPITAL PROJECTS FUNDS

**School Plant** - to account for proceeds from the sale or lease of school property.

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

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

**Soft Capital Allocation** - to account for transactions relating to the acquisition of short-term capital items required to meet academic adequacy standards.

**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, improving school grounds, or purchasing pupil transportation vehicles.

**Condemnation** - to account for proceeds from right-of-way settlements and sales by condemnation or threat of condemnation.

**Building Renewal** - to account for monies received from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems or buildings that will maintain or extend their useful life.

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



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2013**

	<u>School Plant</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
<b><u>ASSETS</u></b>			
Cash and investments-restricted	\$	\$ 1,227,716	\$
Property taxes receivable		489,699	47,873
Due from governmental entities		276,064	
Due from other funds	762,240	5,135,340	697,292
<b>Total assets</b>	<u>\$ 762,240</u>	<u>\$ 7,128,819</u>	<u>\$ 745,165</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$ 943,515	\$ 163,781
Due to governmental entities	14,857		
Due to other funds			
Accrued payroll and employee benefits			
Deferred revenues		424,489	43,530
<b>Total liabilities</b>	<u>14,857</u>	<u>1,368,004</u>	<u>207,311</u>
Fund balances (deficits):			
Restricted		5,760,815	537,854
Committed	747,383		
Unassigned			
<b>Total fund balances</b>	<u>747,383</u>	<u>5,760,815</u>	<u>537,854</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 762,240</u>	 <u>\$ 7,128,819</u>	 <u>\$ 745,165</u>

<u>Condemnation</u>	<u>Building Renewal</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$	\$	\$	\$ 1,227,716
			537,572
			276,064
21,390	107,242		6,723,504
<u>\$ 21,390</u>	<u>\$ 107,242</u>	<u>\$</u>	<u>\$ 8,764,856</u>
\$	\$ 96,844	\$	\$ 1,204,140
			14,857
		32,372	32,372
	10,398		10,398
			468,019
	<u>107,242</u>	<u>32,372</u>	<u>1,729,786</u>
21,390			6,320,059
			747,383
		(32,372)	(32,372)
<u>21,390</u>	<u></u>	<u>(32,372)</u>	<u>7,035,070</u>
<u>\$ 21,390</u>	<u>\$ 107,242</u>	<u>\$</u>	<u>\$ 8,764,856</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	School Plant	Unrestricted Capital Outlay	Adjacent Ways
<b>Revenues:</b>			
Other local	\$ 4,744	\$ 301,889	\$ 1,506
Property taxes		5,820,325	464,296
State aid and grants		2,610,466	
<b>Total revenues</b>	4,744	8,732,680	465,802
<b>Expenditures:</b>			
Current -			
Support services - administration	3,420		
Capital outlay		16,011,972	679,803
Debt service -			
Principal retirement		4,713,359	
Interest and fiscal charges		498,070	
<b>Total expenditures</b>	3,420	21,223,401	679,803
<b>Excess (deficiency) of revenues over expenditures</b>	1,324	(12,490,721)	(214,001)
<b>Other financing sources (uses):</b>			
Capital lease agreements		7,526,101	
Proceeds from sale of capital assets	48,617		
<b>Total other financing sources (uses):</b>	48,617	7,526,101	
<b>Changes in fund balances</b>	49,941	(4,964,620)	(214,001)
<b>Fund balances, beginning of year</b>	697,442	10,725,435	751,855
<b>Fund balances (deficits), end of year</b>	\$ 747,383	\$ 5,760,815	\$ 537,854

<u>Condemnation</u>	<u>Building Renewal</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 39	\$ 11,309	\$	\$ 319,487
			6,284,621
		731,646	3,342,112
<u>39</u>	<u>11,309</u>	<u>731,646</u>	<u>9,946,220</u>
			3,420
	1,456,473	764,018	18,912,266
			4,713,359
			498,070
	<u>1,456,473</u>	<u>764,018</u>	<u>24,127,115</u>
<u>39</u>	<u>(1,445,164)</u>	<u>(32,372)</u>	<u>(14,180,895)</u>
			7,526,101
			48,617
			<u>7,574,718</u>
<u>39</u>	<u>(1,445,164)</u>	<u>(32,372)</u>	<u>(6,606,177)</u>
21,351	1,445,164		13,641,247
<u>\$ 21,390</u>	<u>\$</u>	<u>\$ (32,372)</u>	<u>\$ 7,035,070</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	School Plant		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 4,744	\$ 4,744
Property taxes			
State aid and grants			
<b>Total revenues</b>	<u>                    </u>	<u>                    4,744</u>	<u>                    4,744</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	697,378	3,420	693,958
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>                    697,378</u>	<u>                    3,420</u>	<u>                    693,958</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>                    (697,378)</u>	<u>                    1,324</u>	<u>                    698,702</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Proceeds from sale of capital assets		48,617	48,617
<b>Total other financing sources (uses):</b>	<u>                    </u>	<u>                    48,617</u>	<u>                    48,617</u>
<b>Changes in fund balances</b>	<u>                    (697,378)</u>	<u>                    49,941</u>	<u>                    747,319</u>
<b>Fund balances, beginning of year</b>		697,442	697,442
<b>Fund balances (deficits), end of year</b>	<u>                    \$ (697,378)</u>	<u>                    \$ 747,383</u>	<u>                    \$ 1,444,761</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 301,889	\$ 301,889	\$	\$ 1,506	\$ 1,506
	5,820,325	5,820,325		464,296	464,296
	2,610,466	2,610,466			
	8,732,680	8,732,680		465,802	465,802
15,456,604	8,485,871	6,970,733	1,200,000	679,803	520,197
4,713,359	4,713,359				
498,070	498,070				
20,668,033	13,697,300	6,970,733	1,200,000	679,803	520,197
(20,668,033)	(4,964,620)	15,703,413	(1,200,000)	(214,001)	985,999
(20,668,033)	(4,964,620)	15,703,413	(1,200,000)	(214,001)	985,999
	10,725,435	10,725,435		751,855	751,855
\$ (20,668,033)	\$ 5,760,815	\$ 26,428,848	\$ (1,200,000)	\$ 537,854	\$ 1,737,854

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Soft Capital Allocation		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$ 120,210	\$ 120,210
Property taxes		525,761	525,761
State aid and grants		990,177	990,177
<b>Total revenues</b>		<u>1,636,148</u>	<u>1,636,148</u>
<b>Expenditures:</b>			
Current -			
Instruction	843,076	843,076	
Support services - students and staff	1,499	1,499	
Support services - administration			
Capital outlay	747,444	747,444	
Debt service -			
Principal retirement	239,932	239,932	
Interest and fiscal charges	11,838	11,838	
<b>Total expenditures</b>	<u>1,843,789</u>	<u>1,843,789</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,843,789)</u>	<u>(207,641)</u>	<u>1,636,148</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Proceeds from sale of capital assets			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(1,843,789)</u>	<u>(207,641)</u>	<u>1,636,148</u>
<b>Fund balances, beginning of year</b>		4,560,361	4,560,361
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,843,789)</u>	<u>\$ 4,352,720</u>	<u>\$ 6,196,509</u>

<u>Bond Building</u>			<u>Condemnation</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 541,022	\$ 541,022	\$	\$ 39	\$ 39
	<u>541,022</u>	<u>541,022</u>		<u>39</u>	<u>39</u>
46,000,000	33,149,597	12,850,403	22,000		22,000
<u>46,000,000</u>	<u>33,149,597</u>	<u>12,850,403</u>	<u>22,000</u>		<u>22,000</u>
<u>(46,000,000)</u>	<u>(32,608,575)</u>	<u>13,391,425</u>	<u>(22,000)</u>	<u>39</u>	<u>22,039</u>
	(22,260)	(22,260)			
	<u>(22,260)</u>	<u>(22,260)</u>			
<u>(46,000,000)</u>	<u>(32,630,835)</u>	<u>13,369,165</u>	<u>(22,000)</u>	<u>39</u>	<u>22,039</u>
	44,547,038	44,547,038		21,351	21,351
<u>\$ (46,000,000)</u>	<u>\$ 11,916,203</u>	<u>\$ 57,916,203</u>	<u>\$ (22,000)</u>	<u>\$ 21,390</u>	<u>\$ 43,390</u>

(Continued)



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Building Renewal		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 11,309	\$ 11,309
Property taxes			
State aid and grants			
<b>Total revenues</b>		<u>11,309</u>	<u>11,309</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Capital outlay	1,500,000	1,456,473	43,527
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>1,500,000</u>	<u>1,456,473</u>	<u>43,527</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,500,000)</u>	<u>(1,445,164)</u>	<u>54,836</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Proceeds from sale of capital assets			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(1,500,000)</u>	<u>(1,445,164)</u>	<u>54,836</u>
<b>Fund balances, beginning of year</b>		1,445,164	1,445,164
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,500,000)</u>	<u>\$</u>	<u>\$ 1,500,000</u>

Building Renewal Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 980,719	\$ 980,719
	731,646	731,646		6,810,382	6,810,382
	<u>731,646</u>	<u>731,646</u>		<u>4,332,289</u>	<u>4,332,289</u>
				<u>12,123,390</u>	<u>12,123,390</u>
			843,076	843,076	
			1,499	1,499	
			697,378	3,420	693,958
350,000	764,018	(414,018)	65,276,048	45,283,206	19,992,842
			4,953,291	4,953,291	
			509,908	509,908	
<u>350,000</u>	<u>764,018</u>	<u>(414,018)</u>	<u>72,281,200</u>	<u>51,594,400</u>	<u>20,686,800</u>
<u>(350,000)</u>	<u>(32,372)</u>	<u>317,628</u>	<u>(72,281,200)</u>	<u>(39,471,010)</u>	<u>32,810,190</u>
				(22,260)	(22,260)
				48,617	48,617
				26,357	26,357
<u>(350,000)</u>	<u>(32,372)</u>	<u>317,628</u>	<u>(72,281,200)</u>	<u>(39,444,653)</u>	<u>32,836,547</u>
				62,748,646	62,748,646
<u>\$ (350,000)</u>	<u>\$ (32,372)</u>	<u>\$ 317,628</u>	<u>\$ (72,281,200)</u>	<u>\$ 23,303,993</u>	<u>\$ 95,585,193</u>

(This page intentionally left blank)

## **INTERNAL SERVICE FUNDS**

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
COMBINING STATEMENT OF NET POSITION -  
ALL INTERNAL SERVICE FUNDS  
JUNE 30, 2013**

	Employee Benefit Trust	Workers' Compensation Trust	Totals
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 26,721,661	\$ 8,502,550	\$ 35,224,211
Prepaid items		36,885	36,885
Total current assets	26,721,661	8,539,435	35,261,096
<b>Total assets</b>	26,721,661	8,539,435	35,261,096
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable		113,680	113,680
Claims payable	4,623,085	2,703,800	7,326,885
Total current liabilities	4,623,085	2,817,480	7,440,565
Noncurrent liabilities:			
Claims payable		4,567,963	4,567,963
Total noncurrent liabilities		4,567,963	4,567,963
<b>Total liabilities</b>	4,623,085	7,385,443	12,008,528
<b><u>NET POSITION</u></b>			
Unrestricted	22,098,576	1,153,992	23,252,568
<b>Total net position</b>	\$ 22,098,576	\$ 1,153,992	\$ 23,252,568

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -**  
**ALL INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Employee Benefit Trust	Workers' Compensation Trust	Totals
<b>Operating revenues:</b>			
Contributions	\$ 31,173,080	\$ 3,095,047	\$ 34,268,127
Other	903,950		903,950
<b>Total operating revenues</b>	<u>32,077,030</u>	<u>3,095,047</u>	<u>35,172,077</u>
<b>Operating expenses:</b>			
Claims	26,103,777	2,851,702	28,955,479
Premiums	1,478,664	434,655	1,913,319
Administrative fees	1,790,782	160,005	1,950,787
Other		5,199	5,199
<b>Total operating expenses</b>	<u>29,373,223</u>	<u>3,451,561</u>	<u>32,824,784</u>
<b>Operating income (loss)</b>	<u>2,703,807</u>	<u>(356,514)</u>	<u>2,347,293</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	271,252	47,702	318,954
<b>Total nonoperating revenues (expenses)</b>	<u>271,252</u>	<u>47,702</u>	<u>318,954</u>
<b>Changes in net position</b>	<u>2,975,059</u>	<u>(308,812)</u>	<u>2,666,247</u>
<b>Total net position, beginning of year</b>	19,123,517	1,462,804	20,586,321
<b>Total net position, end of year</b>	<u>\$ 22,098,576</u>	<u>\$ 1,153,992</u>	<u>\$ 23,252,568</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Employee Benefit Trust</u>	<u>Workers' Compensation Trust</u>	<u>Totals</u>
<b><u>Increase in Cash and Cash Equivalents</u></b>			
<b>Cash flows from operating activities:</b>			
Cash received from contributions	\$ 31,173,080	\$ 3,097,858	\$ 34,270,938
Cash payments for claims	(24,601,313)	(2,360,117)	(26,961,430)
Cash payments to suppliers for goods and services	<u>(3,269,446)</u>	<u>(599,401)</u>	<u>(3,868,847)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>3,302,321</u>	<u>138,340</u>	<u>3,440,661</u>
<b>Cash flows from investing activities:</b>			
Investment income	<u>271,252</u>	<u>47,702</u>	<u>318,954</u>
<b>Net cash provided by investing activities</b>	<u>271,252</u>	<u>47,702</u>	<u>318,954</u>
<b>Net increase in cash and cash equivalents</b>	<u>3,573,573</u>	<u>186,042</u>	<u>3,759,615</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>23,148,088</u>	<u>8,316,508</u>	<u>31,464,596</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 26,721,661</u>	<u>\$ 8,502,550</u>	<u>\$ 35,224,211</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>			
<b>Operating income (loss)</b>	\$ 2,703,807	\$ (356,514)	\$ 2,347,293
Changes in assets and liabilities:			
Decrease in prepaid items		2,811	2,811
Increase in accounts payable		458	458
Increase in claims payable	<u>598,514</u>	<u>491,585</u>	<u>1,090,099</u>
<b>Total adjustments</b>	<u>598,514</u>	<u>494,854</u>	<u>1,093,368</u>
<b>Net cash provided by operating activities</b>	<u>\$ 3,302,321</u>	<u>\$ 138,340</u>	<u>\$ 3,440,661</u>

## **AGENCY FUNDS**

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

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

**Direct Deposit** - to account for employee direct deposit payroll held by the District until distributed.

**Employee Withholding** - to account for deductions temporarily held by the District as an agent.



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2013**

	<u>Student Activities</u>	<u>Employee Insurance</u>	<u>Direct Deposit</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,859,144	\$ 3,867,636	\$ 8,529
<b>Total assets</b>	<u>\$ 1,859,144</u>	<u>\$ 3,867,636</u>	<u>\$ 8,529</u>
<b><u>LIABILITIES</u></b>			
Deposits held for others	\$	\$ 3,867,636	\$ 8,529
Due to student groups	1,859,144		
<b>Total liabilities</b>	<u>\$ 1,859,144</u>	<u>\$ 3,867,636</u>	<u>\$ 8,529</u>

<u>Employee Withholding</u>	<u>Totals</u>
\$ 4,851	\$ 5,740,160
<u>\$ 4,851</u>	<u>\$ 5,740,160</u>

\$ 4,851	\$ 3,881,016
	1,859,144
<u>\$ 4,851</u>	<u>\$ 5,740,160</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>1,964,394</u>	\$ <u>1,506,075</u>	\$ <u>1,611,325</u>	\$ <u>1,859,144</u>
Total assets	\$ <u>1,964,394</u>	\$ <u>1,506,075</u>	\$ <u>1,611,325</u>	\$ <u>1,859,144</u>
<u>Liabilities</u>				
Due to student groups	\$ <u>1,964,394</u>	\$ <u>1,506,075</u>	\$ <u>1,611,325</u>	\$ <u>1,859,144</u>
Total liabilities	\$ <u>1,964,394</u>	\$ <u>1,506,075</u>	\$ <u>1,611,325</u>	\$ <u>1,859,144</u>
<b><u>EMPLOYEE INSURANCE FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>1,160,510</u>	\$ <u>38,940,814</u>	\$ <u>36,233,688</u>	\$ <u>3,867,636</u>
Total assets	\$ <u>1,160,510</u>	\$ <u>38,940,814</u>	\$ <u>36,233,688</u>	\$ <u>3,867,636</u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>1,160,510</u>	\$ <u>38,940,814</u>	\$ <u>36,233,688</u>	\$ <u>3,867,636</u>
Total liabilities	\$ <u>1,160,510</u>	\$ <u>38,940,814</u>	\$ <u>36,233,688</u>	\$ <u>3,867,636</u>
<b><u>DIRECT DEPOSIT FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>126,786</u>	\$ <u>154,128,781</u>	\$ <u>154,247,038</u>	\$ <u>8,529</u>
Total assets	\$ <u>126,786</u>	\$ <u>154,128,781</u>	\$ <u>154,247,038</u>	\$ <u>8,529</u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>126,786</u>	\$ <u>154,128,781</u>	\$ <u>154,247,038</u>	\$ <u>8,529</u>
Total liabilities	\$ <u>126,786</u>	\$ <u>154,128,781</u>	\$ <u>154,247,038</u>	\$ <u>8,529</u>

(Continued)

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Ending Balance</u></b>
<b><u>EMPLOYEE WITHHOLDING FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>204,689</u>	\$ <u>123,231,846</u>	\$ <u>123,431,684</u>	\$ <u>4,851</u>
Total assets	\$ <u><u>204,689</u></u>	\$ <u><u>123,231,846</u></u>	\$ <u><u>123,431,684</u></u>	\$ <u><u>4,851</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>204,689</u>	\$ <u>123,231,846</u>	\$ <u>123,431,684</u>	\$ <u>4,851</u>
Total liabilities	\$ <u><u>204,689</u></u>	\$ <u><u>123,231,846</u></u>	\$ <u><u>123,431,684</u></u>	\$ <u><u>4,851</u></u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>3,456,379</u>	\$ <u>317,807,516</u>	\$ <u>315,523,735</u>	\$ <u>5,740,160</u>
Total assets	\$ <u><u>3,456,379</u></u>	\$ <u><u>317,807,516</u></u>	\$ <u><u>315,523,735</u></u>	\$ <u><u>5,740,160</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ 1,491,985	\$ 316,301,441	\$ 313,912,410	\$ 3,881,016
Due to student groups	<u>1,964,394</u>	<u>1,506,075</u>	<u>1,611,325</u>	<u>1,859,144</u>
Total liabilities	\$ <u><u>3,456,379</u></u>	\$ <u><u>317,807,516</u></u>	\$ <u><u>315,523,735</u></u>	\$ <u><u>5,740,160</u></u>

(Concluded)

(This page intentionally left blank)

## STATISTICAL SECTION

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

(This page intentionally left blank)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 478,208,141	\$ 453,090,065	\$ 434,745,660	\$ 408,491,273	\$ 395,715,727
Restricted	38,076,040	50,858,186	65,412,105	17,714,726	28,815,960
Unrestricted	39,993,726	48,723,218	44,383,800	63,439,513	19,851,658
Total net position	\$ 556,277,907	\$ 552,671,469	\$ 544,541,565	\$ 489,645,512	\$ 444,383,345
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 369,666,112	\$ 342,578,365	\$ 321,173,539	\$ 292,038,534	\$ 268,091,490
Restricted	38,421,018	40,078,833	29,155,575	29,097,460	19,468,216
Unrestricted	34,427,961	25,250,544	17,198,050	16,657,735	7,167,244
Total net position	\$ 442,515,091	\$ 407,907,742	\$ 367,527,164	\$ 337,793,729	\$ 294,726,950

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



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Expenses</b>					
Instruction	\$ 224,302,136	\$ 237,543,995	\$ 232,454,534	\$ 249,555,054	\$ 274,064,584
Support services - students and staff	69,035,667	72,454,063	70,371,615	68,096,321	73,312,642
Support services - administration	44,610,584	43,723,616	42,737,361	40,736,506	42,115,765
Operation and maintenance of plant services	55,716,491	56,498,727	56,053,302	55,307,716	57,068,774
Student transportation services	26,338,473	26,634,890	23,345,392	24,061,246	23,266,202
Operation of non-instructional services	21,534,017	21,981,761	18,430,745	18,992,991	19,192,468
Interest on long-term debt	13,064,629	13,936,906	15,517,905	14,045,722	14,868,122
Total expenses	<u>454,601,997</u>	<u>472,773,958</u>	<u>458,910,854</u>	<u>470,795,556</u>	<u>503,888,557</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	5,706,176	6,384,061	3,293,113	12,652,780	8,452,639
Operation of non-instructional services	3,110,765	2,739,728	3,204,525	3,640,047	4,222,326
Other activities	604,562	696,167	668,536	897,087	915,321
Operating grants and contributions	70,030,026	83,827,648	87,020,303	77,282,861	66,930,683
Capital grants and contributions	3,735,347	4,669,887	3,347,591	5,455,281	1,675,625
Total program revenues	<u>83,186,876</u>	<u>98,317,491</u>	<u>97,534,068</u>	<u>99,928,056</u>	<u>82,196,594</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (371,415,121)</u>	<u>\$ (374,456,467)</u>	<u>\$ (361,376,786)</u>	<u>\$ (370,867,500)</u>	<u>\$ (421,691,963)</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenses</b>					
Instruction	\$ 277,859,085	\$ 265,531,648	\$ 264,382,773	\$ 248,314,669	\$ 238,475,337
Support services - students and staff	77,635,780	68,928,241	64,598,405	60,266,115	53,902,114
Support services - administration	47,148,478	47,831,765	50,069,751	45,529,903	43,600,161
Operation and maintenance of plant services	57,591,997	54,554,170	52,150,567	48,718,608	48,412,913
Student transportation services	26,331,263	23,142,644	22,962,146	21,635,755	19,380,992
Operation of non-instructional services	18,759,077	21,506,993	21,006,594	20,351,159	17,660,501
Interest on long-term debt	14,047,689	13,493,610	14,529,371	17,358,394	14,538,612
Total expenses	<u>519,373,369</u>	<u>494,989,071</u>	<u>489,699,607</u>	<u>462,174,603</u>	<u>435,970,630</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	8,162,423	3,706,972	5,870,449	8,757,240	4,502,115
Operation of non-instructional services	4,615,045	7,620,078	7,020,158	7,448,300	7,046,166
Other activities	813,792	3,345,738	2,502,327	3,470,841	3,219,247
Operating grants and contributions	69,575,109	63,854,736	70,429,617	70,448,238	56,305,739
Capital grants and contributions	3,207,618	2,006,641	7,063,084	2,756,434	1,771,596
Total program revenues	<u>86,373,987</u>	<u>80,534,165</u>	<u>92,885,635</u>	<u>92,881,053</u>	<u>72,844,863</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (432,999,382)</u>	<u>\$ (414,454,906)</u>	<u>\$ (396,813,972)</u>	<u>\$ (369,293,550)</u>	<u>\$ (363,125,767)</u>

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

- Notes:** 1) The increase in capital grants and contributions in fiscal year 2006 is primarily due to a \$4.0 million settlement received during the year.  
2) The increase in charges for services - instruction in fiscal year 2008 is primarily due to the District participating in the Pima County Joint Technological Education District.

**(Concluded)**

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Net (Expense)/Revenue</b>	\$ (371,415,121)	\$ (374,456,467)	\$ (361,376,786)	\$ (370,867,500)	\$ (421,691,963)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	164,258,242	155,769,383	122,512,450	142,759,522	131,633,343
Property taxes, levied for debt service	39,875,831	50,749,259	46,598,982	44,806,399	46,393,710
Property taxes, levied for capital outlay	6,463,393	2,156,401	25,031,169	378,741	12,258,603
Investment income	740,367	675,595	817,368	1,099,217	2,134,966
Unrestricted county aid	14,372,495	13,918,868	12,889,153	12,191,663	141,544
Unrestricted state aid	146,611,426	158,195,164	190,988,261	202,282,511	229,617,096
Unrestricted federal aid	2,699,805	1,121,701	3,657,865	21,611,614	1,380,955
Special item - gain (loss) on sale of capital assets			4,777,591		
<b>Total general revenues</b>	<u>375,021,559</u>	<u>382,586,371</u>	<u>407,272,839</u>	<u>425,129,667</u>	<u>423,560,217</u>
<b>Changes in Net Position</b>	<u>\$ 3,606,438</u>	<u>\$ 8,129,904</u>	<u>\$ 45,896,053</u>	<u>\$ 54,262,167</u>	<u>\$ 1,868,254</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Net (Expense)/Revenue</b>	\$ (432,999,382)	\$ (414,454,906)	\$ (396,813,972)	\$ (369,293,550)	\$ (363,125,767)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	134,956,549	131,350,704	125,983,872	116,965,552	121,438,947
Property taxes, levied for debt service	43,991,425	41,675,953	38,347,656	35,990,670	37,746,252
Property taxes, levied for capital outlay	9,719,093	7,349,019	9,247,617	9,931,191	11,674,036
Investment income	5,312,571	5,823,418	3,943,813	1,406,572	590,483
Unrestricted county aid		137,385	11,247,933	11,075,419	10,855,360
Unrestricted state aid	272,140,866	267,218,685	236,389,038	238,064,825	248,850,156
Unrestricted federal aid	1,486,227	1,280,320	1,387,478	1,953,761	2,209,797
Special item - gain (loss) on sale of capital assets				(3,027,661)	
<b>Total general revenues</b>	<u>467,606,731</u>	<u>454,835,484</u>	<u>426,547,407</u>	<u>412,360,329</u>	<u>433,365,031</u>
<b>Changes in Net Position</b>	<u>\$ 34,607,349</u>	<u>\$ 40,380,578</u>	<u>\$ 29,733,435</u>	<u>\$ 43,066,779</u>	<u>\$ 70,239,264</u>

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

**Notes:** The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
General Fund:					
Nonspendable	\$ 1,354,618	\$ 1,696,474	\$ 2,516,592	\$	\$
Unassigned	31,111,961	44,949,267	41,673,112		
Reserved				18,561,991	2,473,779
Unreserved				24,431,693	10,247,050
Total General Fund	<u>\$ 32,466,579</u>	<u>\$ 46,645,741</u>	<u>\$ 44,189,704</u>	<u>\$ 42,993,684</u>	<u>\$ 12,720,829</u>
All Other Governmental Funds:					
Nonspendable	\$ 1,203,182	\$ 1,192,659	\$ 1,151,571	\$	\$
Restricted	47,338,139	91,678,314	130,932,893		
Assigned	747,383	697,442	1,840,152		
Unassigned	(32,372)	(112)	(22,815)		
Reserved				456,094	448,178
Unreserved, reported in:					
Special revenue funds				35,070,776	27,647,952
Capital projects funds				45,131,394	71,961,823
Debt service fund				12,084,405	10,952,462
Total all other governmental funds	<u>\$ 49,256,332</u>	<u>\$ 93,568,303</u>	<u>\$ 133,901,801</u>	<u>\$ 92,742,669</u>	<u>\$ 111,010,415</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:					
Reserved	\$ 2,156,886	\$ 1,887,451	\$ 1,875,819	\$ 1,421,338	\$ 1,673,162
Unreserved	17,065,201	10,979,393	13,255,134	13,624,795	14,899,404
Total General Fund	<u>\$ 19,222,087</u>	<u>\$ 12,866,844</u>	<u>\$ 15,130,953</u>	<u>\$ 15,046,133</u>	<u>\$ 16,572,566</u>
All Other Governmental Funds:					
Reserved	\$ 457,812	\$ 291,620	\$ 428,577	\$ 914,168	\$ 582,166
Unreserved, reported in:					
Special revenue funds	26,442,348	19,375,714	17,849,207	22,074,143	16,007,905
Capital projects funds	62,315,116	61,188,523	59,605,564	68,994,797	14,247,780
Debt service fund	9,308,507	10,602,874	8,015,570	5,514,797	2,244,671
Total all other governmental funds	<u>\$ 98,523,783</u>	<u>\$ 91,458,731</u>	<u>\$ 85,898,918</u>	<u>\$ 97,497,905</u>	<u>\$ 33,082,522</u>

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

**Note:** The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 52,737,893	\$ 62,296,363	\$ 62,117,037	\$ 58,543,843	\$ 42,041,772
State Fiscal Stabilization (ARRA)			2,291,978	20,594,948	
Education Jobs		4,322,415	6,258,984		
Impact Aid	1,206,125	1,121,701	1,365,887	1,016,666	1,380,955
National School Lunch Program	17,567,092	17,017,815	16,473,993	16,871,966	16,574,952
Total federal sources	<u>71,511,110</u>	<u>84,758,294</u>	<u>88,507,879</u>	<u>97,027,423</u>	<u>59,997,679</u>
<b>State sources:</b>					
State equalization assistance	128,594,364	142,586,526	177,289,785	185,038,264	211,483,789
State grants	1,838,710	1,004,308	1,605,563	3,291,113	5,422,104
Other revenues	17,285,416	15,835,725	14,668,319	16,048,443	19,775,662
Total state sources	<u>147,718,490</u>	<u>159,426,559</u>	<u>193,563,667</u>	<u>204,377,820</u>	<u>236,681,555</u>
<b>Local sources:</b>					
Property taxes	209,545,368	210,099,111	189,258,948	187,598,121	189,705,780
County aid	14,372,495	13,918,868	12,889,153	12,191,663	279,544
Food service sales	2,200,959	2,122,437	2,438,926	2,841,522	3,384,150
Investment income	421,413	461,420	611,420	924,187	1,868,172
Other revenues	11,731,552	12,108,138	9,117,882	19,243,985	17,424,953
Total local sources	<u>238,271,787</u>	<u>238,709,974</u>	<u>214,316,329</u>	<u>222,799,478</u>	<u>212,662,599</u>
<b>Total revenues</b>	<u><u>\$ 457,501,387</u></u>	<u><u>\$ 482,894,827</u></u>	<u><u>\$ 496,387,875</u></u>	<u><u>\$ 524,204,721</u></u>	<u><u>\$ 509,341,833</u></u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Federal sources:</b>					
Federal grants	\$ 47,992,922	\$ 48,403,958	\$ 55,723,235	\$ 55,366,233	\$ 41,423,318
Impact Aid	1,486,227	1,280,320	1,387,478	1,953,761	2,209,797
National School Lunch Program	14,483,896	13,845,552	13,444,312	13,088,729	13,007,683
Total federal sources	<u>63,963,045</u>	<u>63,529,830</u>	<u>70,555,025</u>	<u>70,408,723</u>	<u>56,640,798</u>
<b>State sources:</b>					
State equalization assistance	235,738,168	222,947,284	200,066,485	196,023,737	198,387,060
State grants	6,076,613	3,611,867	4,310,412	4,970,084	4,061,565
School Facilities Board	4,654,792	17,861,491	7,759,135	20,900,366	33,075,557
Other revenues	30,737,345	26,409,910	27,931,624	23,839,734	15,764,791
Total state sources	<u>277,206,918</u>	<u>270,830,552</u>	<u>240,067,656</u>	<u>245,733,921</u>	<u>251,288,973</u>
<b>Local sources:</b>					
Property taxes	186,860,498	179,961,642	174,636,609	169,437,345	168,106,772
County aid		187,229	11,395,675	11,258,636	10,869,859
Food service sales	3,720,714	3,844,651	3,866,733	4,573,941	4,797,355
Investment income	5,066,837	5,479,445	3,761,472	1,313,372	517,133
Other revenues	17,870,809	10,778,293	11,378,459	14,919,223	9,955,674
Total local sources	<u>213,518,858</u>	<u>200,251,260</u>	<u>205,038,948</u>	<u>201,502,517</u>	<u>194,246,793</u>
<b>Total revenues</b>	<u>\$ 554,688,821</u>	<u>\$ 534,611,642</u>	<u>\$ 515,661,629</u>	<u>\$ 517,645,161</u>	<u>\$ 502,176,564</u>

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

**Note:** The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

**(Concluded)**



**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 200,508,623	\$ 207,817,232	\$ 204,760,085	\$ 230,202,146	\$ 234,931,349
Support services - students and staff	68,401,474	70,581,454	68,796,953	69,436,330	72,736,897
Support services - administration	42,935,792	41,370,788	40,360,497	40,324,873	40,973,334
Operation and maintenance of plant services	55,277,056	55,159,807	56,678,876	55,338,511	56,234,094
Student transportation services	23,676,242	23,454,160	22,241,973	23,193,120	21,568,722
Operation of non-instructional services	21,348,952	21,642,746	18,585,569	18,770,777	19,167,046
Capital outlay	57,417,569	56,698,083	52,393,932	51,201,278	66,818,229
Debt service -					
Claims and Judgements					1,916,877
Interest and fiscal charges	40,583,291	40,909,199	34,649,692	33,004,537	32,461,174
Principal retirement	13,086,907	13,959,184	15,555,722	14,079,089	15,205,476
Bond issuance costs		441,705	776,763		762,221
<b>Total expenditures</b>	<u>\$ 523,235,906</u>	<u>\$ 532,034,358</u>	<u>\$ 514,800,062</u>	<u>\$ 535,550,661</u>	<u>\$ 562,775,419</u>
Expenditures for capitalized assets	\$ 47,461,655	\$ 33,205,672	\$ 43,314,099	\$ 34,878,196	\$ 44,654,742
Debt service as a percentage of noncapital expenditures	11%	11%	11%	9%	9%

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 240,042,909	\$ 236,770,040	\$ 235,893,712	\$ 231,622,212	\$ 220,746,518
Support services - students and staff	74,974,896	68,047,068	64,877,261	61,362,899	55,402,979
Support services - administration	44,211,988	47,934,273	46,574,968	45,439,014	43,958,175
Operation and maintenance of plant services	53,611,181	52,330,014	50,036,858	47,921,656	47,882,799
Student transportation services	24,300,043	21,978,854	22,051,935	20,162,779	18,381,376
Operation of non-instructional services	21,740,678	21,162,973	20,261,039	20,544,569	17,654,404
Capital outlay	84,056,213	49,407,315	47,570,444	41,999,980	51,628,180
Debt service -					
Claims and Judgements					
Interest and fiscal charges	34,976,055	31,195,352	26,054,091	17,122,073	26,721,307
Principal retirement	14,081,326	13,524,715	14,544,911	21,111,916	14,538,612
Bond issuance costs	367,959	147,702	676,749	603,209	1,593,923
<b>Total expenditures</b>	<u>\$ 592,363,248</u>	<u>\$ 542,498,306</u>	<u>\$ 528,541,968</u>	<u>\$ 507,890,307</u>	<u>\$ 498,508,273</u>
Expenditures for capitalized assets	\$ 58,186,989	\$ 27,741,175	\$ 27,151,850	\$ 28,674,252	\$ 38,012,519
Debt service as a percentage of noncapital expenditures	9%	9%	8%	8%	9%

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (65,734,519)	\$ (49,139,531)	\$ (18,412,187)	\$ (11,345,940)	\$ (53,433,586)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds			74,000,000		57,000,000
Refunding bonds issued		51,000,000	45,900,000		
Premium on sale of bonds		3,738,599	5,038,940		1,066,478
Proceeds from sale of capital assets	48,617	101,083	1,728,172		
Capital lease agreements	7,526,101	11,525,165		7,254,921	1,045,221
Transfers in	3,273,496	1,904,315	2,761,892	3,228,393	12,001,930
Transfers out	(3,273,496)	(1,904,315)	(2,761,892)	(3,228,393)	(12,001,930)
Payment to refunded bond escrow agent	.	(54,314,359)	(49,962,127)		
Total other financing sources (uses)	<u>7,574,718</u>	<u>12,050,488</u>	<u>76,704,985</u>	<u>7,254,921</u>	<u>59,111,699</u>
<b>Changes in fund balances</b>	<u>\$ (58,159,801)</u>	<u>\$ (37,089,043)</u>	<u>\$ 58,292,798</u>	<u>\$ (4,091,019)</u>	<u>\$ 5,678,113</u>
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (37,674,427)	\$ (7,886,664)	\$ (12,880,339)	\$ 9,754,854	\$ 3,668,291
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds	47,000,000	10,000,000		47,000,000	
Refunding bonds issued			47,825,000		140,140,000
Premium on sale of bonds	706,670	163,267	1,852,588	906,231	7,302,825
Proceeds from sale of capital assets				1,752,847	
Capital lease agreements	2,952,425	1,144,426	720,533	3,394,840	66,879
Transfers in	4,505,961	3,008,303	3,775,378	2,012,945	911,622
Transfers out	(4,505,961)	(3,008,303)	(3,775,378)	(2,012,945)	(911,622)
Payment to refunded bond escrow agent			(49,000,839)		(145,848,902)
Total other financing sources (uses)	<u>50,659,095</u>	<u>11,307,693</u>	<u>1,397,282</u>	<u>53,053,918</u>	<u>1,660,802</u>
<b>Changes in fund balances</b>	<u>\$ 12,984,668</u>	<u>\$ 3,421,029</u>	<u>\$ (11,483,057)</u>	<u>\$ 62,808,772</u>	<u>\$ 5,329,093</u>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Real Property		Personal Property	Less:	Total Taxable Assessed Valuation	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value	
	Residential Property	Commercial Property		Tax Exempt Real Property					
2013	\$ 2,050,072,721	\$ 1,752,383,437	\$ 235,777,564	\$ 773,916,943	\$ 3,264,316,779	6.32	\$ 31,603,025,006	10.33	%
2012	2,153,798,244	1,762,074,287	237,552,430	747,490,685	3,405,934,276	6.95	32,819,636,555	10.38	
2011	2,482,598,026	1,757,490,076	257,619,695	713,715,999	3,783,991,798	6.30	35,625,457,918	10.62	
2010	2,585,266,637	1,659,374,848	266,267,201	540,661,323	3,970,247,363	6.07	36,172,563,620	10.98	
2009					3,886,050,013	6.57	34,951,711,743	11.12	
2008					3,443,823,997	7.05	30,190,092,265	11.41	
2007					2,961,374,879	7.38	25,679,006,897	11.53	
2006					2,659,138,104	7.88	22,663,244,357	11.73	
2005					2,503,195,231	8.33	21,185,806,786	11.82	
2004					2,358,750,058	8.76	19,606,807,082	12.03	

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

**Note:** Total taxable assessed valuation is displayed by major component beginning with fiscal year ended June 30, 2010

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 1,114,174,075	\$ 1,124,168,415	\$ 1,188,354,335	\$ 1,221,801,653	\$ 1,143,811,906
Agricultural and Vacant	126,790,265	124,964,505	139,480,103	143,744,584	145,829,986
Residential (Owner Occupied)	1,478,192,168	1,640,031,268	1,887,895,526	2,032,583,387	2,050,227,168
Residential (Rental)	512,387,222	483,574,300	531,796,567	537,352,863	511,313,599
Railroad, Private Cars and Airlines	2,347,426	2,258,002	2,404,131	2,458,899	2,704,690
Historical Property	30,404,234	30,856,368	34,061,136	32,305,977	32,162,664
Certain Government Property Improvements	21,389	81,418			
<b>Total</b>	<b>\$ 3,264,316,779</b>	<b>\$ 3,405,934,276</b>	<b>\$ 3,783,991,798</b>	<b>\$ 3,970,247,363</b>	<b>\$ 3,886,050,013</b>

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Commercial, Industrial, Utilities and Mining	\$ 1,118,258,896	\$ 1,017,153,529	\$ 935,574,986	\$ 910,929,615	\$ 918,947,107
Agricultural and Vacant	115,601,397	102,639,623	89,038,921	86,600,741	86,685,846
Residential (Owner Occupied)	1,753,984,903	1,463,132,747	1,306,451,685	1,216,487,726	1,085,194,655
Residential (Rental)	429,891,517	357,377,327	310,312,738	276,205,831	256,610,041
Railroad, Private Cars and Airlines	2,842,410	3,219,265	3,092,749	2,944,302	3,092,526
Historical Property	23,244,874	17,852,388	14,667,025	10,027,016	8,219,883
Certain Government Property Improvements					
<b>Total</b>	<b>\$ 3,443,823,997</b>	<b>\$ 2,961,374,879</b>	<b>\$ 2,659,138,104</b>	<b>\$ 2,503,195,231</b>	<b>\$ 2,358,750,058</b>

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	17	18	20

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Commercial, Industrial, Utilities and Mining	24 %	25 %	25 %	25 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	21	22	21	21	20

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

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

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

Fiscal Year Ended June 30	Overlapping Rates										District Direct Rates		
	State	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Tucson	City of South Tucson	Primary	Secondary	Total	
	Equalization	County	Library	District	District	Assistance	Water	Tucson	Tucson	Primary	Secondary	Total	
2013	0.47	4.20	0.35	0.26	1.17	0.04	0.10	1.26	2.76	6.08	0.24	6.32	
2012	0.43	4.20	0.35	0.26	1.11	0.04	0.10	1.16	2.66	5.47	1.48	6.95	
2011	0.36	4.06	0.31	0.26	1.08	0.04	0.10	0.96	0.20	5.05	1.25	6.30	
2010		4.02	0.26	0.26	1.08	0.04	0.10	0.93	0.20	4.94	1.13	6.07	
2009		4.00	0.34	0.29	1.14	0.04	0.10	0.96	0.21	5.36	1.21	6.57	
2008		4.29	0.40	0.34	1.19	0.04	0.10	1.13	0.23	5.75	1.30	7.05	
2007		4.56	0.37	0.37	1.25	0.04	0.12	1.23	0.24	5.99	1.39	7.38	
2006		4.79	0.26	0.37	1.31	0.04	0.12	1.24	0.24	6.43	1.45	7.88	
2005		4.89	0.21	0.35	1.34	0.04	0.12	1.18	0.24	6.83	1.50	8.33	
2004		4.07	0.21	0.35	1.49	0.05	0.13	1.12	0.27	7.18	1.58	8.76	

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

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

<u>Taxpayer</u>	<u>2013</u>		<u>2004</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Unisource Energy Corporation/TEP	\$ 58,732,067	1.80 %	\$ 32,472,454	1.38 %
Century Link, Inc./Qwest	22,679,648	0.69	61,414,344	2.60
Southwest Gas Corporation	16,724,373	0.51	27,100,242	1.15
Starr Pass Resort Developments LLC	12,644,106	0.39		
WC Partners et al (Williams Center)	8,947,625	0.27	6,899,105	0.29
Verizon Wireless	8,408,401	0.26		
Wal-Mart Stores, Inc.	8,293,279	0.25	7,019,726	0.30
El Con Shopping Center	6,902,582	0.21	8,310,336	0.35
Park Place Shopping Center	6,709,731	0.21	13,966,450	0.59
HUB Properties Trust	5,031,000	0.15	5,853,003	0.25
Marshall Foundation	4,726,925	0.14		
Brown Garold C Family LP	4,500,766	0.14		
AT&T Telecommunications, Inc.	4,481,090	0.14	9,724,579	0.41
TMC Holdings Inc	4,455,253	0.14		
TW Telecom of AZ LLC	4,268,162	0.13		
MCI Telecommunications, Inc.			7,591,951	0.32
Total	<u>\$ 177,505,008</u>	<u>4.75 %</u>	<u>\$ 180,352,190</u>	<u>7.32 %</u>

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



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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 211,182,909	\$ 201,863,709	95.59 %	\$	\$ 201,863,709	95.59 %
2012	208,831,937	199,284,574	95.43	9,165,364	208,449,938	99.82
2011	187,871,554	175,768,632	93.56	9,003,909	184,772,541	98.35
2010	179,853,772	171,331,961	95.26	8,240,290	179,572,251	99.84
2009	183,939,765	176,305,975	95.85	7,493,143	183,799,118	99.92
2008	180,563,077	173,169,013	95.90	7,359,050	180,528,063	99.98
2007	169,371,786	163,379,824	96.46	5,903,875	169,283,699	99.95
2006	165,175,823	159,509,446	96.57	5,573,722	165,083,168	99.94
2005	161,855,692	156,257,785	96.54	5,561,291	161,819,076	99.98
2004	159,211,748	153,024,248	96.11	6,154,993	159,179,241	99.98

**Source:** The source of this information is the 2013 Pima County Treasurer's records.

- Notes:**
- 1) Amounts collected are on a cash basis.
  - 2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

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

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
2013	\$235,045,000	\$	\$235,045,000	0.74 %	\$ 495	\$ 14,555,055	\$249,600,055	0.79 %	\$525	N/A %	
2012	270,675,000		270,675,000	0.82	572	11,982,245	282,657,245	0.86	597	0.78	
2011	306,905,000		306,905,000	0.86	794	5,136,279	312,041,279	0.88	807	0.91	
2010	265,260,000		265,260,000	0.73	634	7,255,971	272,515,971	0.75	652	0.79	
2009	295,085,000		295,085,000	0.84	605	3,180,587	298,265,587	0.85	611	0.87	
2008	268,955,000		268,955,000	0.89	517	3,726,540	272,681,540	0.90	524	0.86	
2007	255,460,000		255,460,000	0.99	497	2,245,170	257,705,170	1.00	501	0.86	
2006	275,055,000		275,055,000	1.21	540	2,701,096	277,756,096	1.23	545	1.04	
2005	299,160,000		299,160,000	1.41	603	3,929,654	303,089,654	1.43	611	1.23	
2004	270,353,522		270,353,522	1.38	558	3,216,887	273,570,409	1.40	564	1.19	

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

**Note:** N/A indicates that the information is not available.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>	
Overlapping:				
Pima County	\$1,172,359,145	40.99 %	\$ 480,550,014	
Pima College District	3,280,000	40.16	1,317,248	
City of Tucson	1,265,632,920	96.99	1,227,537,369	
Subtotal, Overlapping Debt			<u>1,709,404,631</u>	
Direct:				
Tucson Unified School District No. 1	249,600,055	100.00	<u>24,960,005,500</u>	
Total Direct and Overlapping Debt			<u>\$ 26,669,410,131</u>	
	<u>Direct and Overlapping Bonded Debt</u>	<u>Per Capita Direct and Overlapping Bonded Debt</u>	<u>As % of District's Total Secondary Assessed Valuation</u>	<u>As % of District's Estimated Full Cash Value</u>
Total Direct General Obligation Bonded Debt	\$ 235,045,000	\$ 495	6.90 %	0.72 %
Total Direct and Overlapping General Obligation Bonded Debt	2,676,317,065	5,634	78.58	8.15

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

- Notes:** 1) Estimated percentage of debt outstanding applicable to the District is calculated based on the District's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.  
2) Outstanding debt as of June 30, 2012 is presented for the overlapping governments as this is the most recent available information.

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

**Class B Bond Legal Debt Margin Calculation for Fiscal Year 2013:**

Secondary assessed valuation	\$ 3,264,316,779
Debt limit (10% of assessed value)	326,431,678
Debt applicable to limit	<u>235,045,000</u>
Legal debt margin	<u>\$ 91,386,678</u>

**Total Legal Debt Margin Calculation for Fiscal Year 2013:**

Secondary assessed valuation	\$ 3,264,316,779
Debt limit (30% of assessed value)	979,295,034
Debt applicable to limit	<u>235,045,000</u>
Legal debt margin	<u>\$ 744,250,034</u>

**Fiscal Year Ended June 30**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	\$ 979,295,034	\$ 1,021,780,283	\$ 1,135,197,539	\$ 1,191,074,209	\$ 1,165,815,004
Total net debt applicable to limit	<u>235,045,000</u>	<u>270,675,000</u>	<u>306,905,000</u>	<u>265,260,000</u>	<u>295,085,000</u>
Legal debt margin	<u>\$ 744,250,034</u>	<u>\$ 751,105,283</u>	<u>\$ 828,292,539</u>	<u>\$ 925,814,209</u>	<u>\$ 870,730,004</u>
Total net debt applicable to the limit as a percentage of debt limit	24%	26%	27%	22%	25%
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$ 1,033,147,199	\$ 888,412,464	\$ 797,741,431	\$ 750,958,569	\$ 707,625,017
Total net debt applicable to limit	<u>268,955,000</u>	<u>255,460,000</u>	<u>275,055,000</u>	<u>299,160,000</u>	<u>270,353,522</u>
Legal debt margin	<u>\$ 764,192,199</u>	<u>\$ 632,952,464</u>	<u>\$ 522,686,431</u>	<u>\$ 451,798,569</u>	<u>\$ 437,271,495</u>
Total net debt applicable to the limit as a percentage of debt limit	26%	29%	34%	40%	38%

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

- Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Bond premium is not subject to the statutory debt limit.

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2012	992,394	\$ N/A	\$ N/A	7.2 %	475,000
2011	986,081	36,058,871	36,335	8.4	473,600
2010	980,263	34,360,759	34,987	9.5	386,588
2009	1,018,012	34,516,424	33,833	8.3	418,074
2008	1,012,018	34,392,945	34,058	5.1	488,100
2007	1,003,235	31,646,777	31,755	3.7	520,556
2006	981,280	29,806,619	31,418	4.0	514,354
2005	957,635	26,703,829	28,869	4.6	509,626
2004	931,935	24,697,472	27,244	4.6	495,896
2003	911,160	22,953,195	25,777	5.3	484,894

**Sources:** The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2003 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 and 2012, the source of the information is the Arizona Office of Employment and Population Statistics.

**Note:** N/A indicates that the information is not available.

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

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Univeristy of arizona	10,846	2.42 %	10,078	2.34 %
Raytheon Missile Systems	10,300	2.29	10,171	2.36
Davis Monthan AFB	9,100	2.03	7,692	1.78
State of Arizona	8,807	1.96	9,753	2.26
Wal-Mart Stores, Inc.	7,450	1.66	4,420	1.02
Tucson Unified School District	6,790	1.51	7,690	1.78
US Border Patrol	6,500	1.45		
University of Arizona Health Network	6,099	1.36	2,700	0.63
Pima County	6,076	1.35	6,987	1.62
Freeport-McMoran Mining	5,463	1.22		
Fort Huachuca	5,096	1.13	11,939	2.77
City of Tucson	4,585	1.02	5,495	1.27
Tohono O'odham Nation	4,350	0.97	3,515	0.81
Carondelet Health Network	3,668	0.82	2,689	0.62
Tucson Medical Center	2,977	0.66	2,436	0.56
Phelps Dodge Corp.			3,400	0.79
Pasque Yaqui Tribe			2,427	0.56
Total	98,107	21.85 %	91,392	21.17 %
Total employment	449,097		431,400	

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

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

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Supervisory</b>					
Administrators	41	46	43	36	46
Principals	87	92	92	89	90
Assistant principals	55	48	44	51	67
Total supervisory	<u>183</u>	<u>186</u>	<u>179</u>	<u>176</u>	<u>203</u>
<b>Instruction</b>					
Teachers	2,764	2,845	2,854	3,068	3,291
Other professionals (instructional)	130	118	86	71	71
Aides	549	583	595	621	564
Total instruction	<u>3,443</u>	<u>3,546</u>	<u>3,535</u>	<u>3,760</u>	<u>3,926</u>
<b>Student Services</b>					
Nurses	41	45	34	47	
Counselors/Advisors	84	57	72	109	
Speech Clinicians	60	45	49	55	
Librarians	34	23	25	45	74
Other	465	446	340	372	767
Total student services	<u>684</u>	<u>616</u>	<u>520</u>	<u>628</u>	<u>841</u>
<b>Support and Administration</b>					
Facilities Maintenance	189	201	196	195	
Custodians	286	316	307	325	333
Bus Drivers/ Monitors	375	369	383	391	466
Food Service workers	181	194	203	218	253
Other classified	809	827	876	826	977
Total support and administration	<u>1,840</u>	<u>1,907</u>	<u>1,965</u>	<u>1,955</u>	<u>2,029</u>
<b>Total</b>	<u><u>6,150</u></u>	<u><u>6,255</u></u>	<u><u>6,199</u></u>	<u><u>6,519</u></u>	<u><u>6,999</u></u>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Supervisory</b>					
Administrators	48	48	52	53	42
Principals	99	105	99	105	103
Assistant principals	72	68	69	65	62
Total supervisory	<u>219</u>	<u>221</u>	<u>220</u>	<u>223</u>	<u>207</u>
<b>Instruction</b>					
Teachers	3,406	3,397	3,374	3,428	3,432
Other professionals (instructional)	131	160	199	141	88
Aides	568	562	566	517	486
Total instruction	<u>4,105</u>	<u>4,119</u>	<u>4,139</u>	<u>4,086</u>	<u>4,006</u>
<b>Student Services</b>					
Nurses					
Counselors/Advisors					
Speech Clinicians					
Librarians	83	81	85	93	89
Other	713	750	775	762	767
Total student services	<u>796</u>	<u>831</u>	<u>860</u>	<u>855</u>	<u>856</u>
<b>Support and Administration</b>					
Facilities Maintenance					
Custodians	323	333	341	319	336
Bus Drivers/ Monitors	473	409	456	451	441
Food Service workers	255	263	272	277	290
Other classified	1,036	1,037	1,033	1,130	1,147
Total support and administration	<u>2,087</u>	<u>2,042</u>	<u>2,102</u>	<u>2,177</u>	<u>2,214</u>
<b>Total</b>	<u><u>7,207</u></u>	<u><u>7,213</u></u>	<u><u>7,321</u></u>	<u><u>7,341</u></u>	<u><u>7,283</u></u>

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



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

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2013	48,342	\$ 412,148,139	\$ 8,526	(0.47) %	\$ 454,601,997	\$ 9,404	(2.46) %	3,443	14.0	41.1 %
2012	49,036	420,026,187	8,566	4.64	472,773,958	9,641	5.59	3,546	13.8	71.5
2011	50,261	411,423,953	8,186	(1.09)	458,910,854	9,131	2.47	3,535	14.2	68.6
2010	52,836	437,265,757	8,276	0.63	470,795,556	8,911	(4.18)	3,760	14.1	67.1
2009	54,186	445,611,442	8,224	(0.11)	503,888,557	9,299	(0.21)	3,926	13.8	63.3
2008	55,736	458,881,695	8,233	4.92	519,373,369	9,318	7.53	4,105	13.6	64.8
2007	57,118	448,223,222	7,847	2.03	494,989,071	8,666	1.17	4,119	13.9	62.9
2006	57,168	439,695,773	7,691	3.28	489,699,607	8,566	6.29	4,139	13.8	57.5
2005	57,348	427,053,129	7,447	6.00	462,174,603	8,059	6.31	4,086	14.0	58.1
2004	57,511	404,026,251	7,025	7.54	435,970,630	7,581	(4.53)	4,006	14.4	57.6

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

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

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

	<b>Fiscal Year Ended June 30</b>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	519	596	579	579	579	579	476	476	476	475
Square feet	2,750,849	3,617,427	3,549,471	3,549,471	3,549,471	3,549,471	3,405,730	3,405,730	3,390,372	3,388,526
Capacity	31,600	36,490	32,370	32,370	32,370	31,620	34,810	34,810	34,810	34,810
Enrollment	22,619	23,231	28,231	28,231	28,231	29,413	30,210	28,707	29,118	29,289
<b>Middle</b>										
Buildings	126	126	120	120	120	120	106	106	106	105
Square feet	1,823,702	1,943,292	1,726,343	1,726,343	1,726,343	1,726,343	1,700,595	1,700,595	1,700,595	1,699,295
Capacity	20,850	20,850	14,115	14,115	14,115	14,115	15,091	15,091	15,091	15,091
Enrollment	12,816	13,448	12,092	12,092	12,092	12,486	12,979	13,777	14,421	14,554
<b>High</b>										
Buildings	118	118	110	110	110	110	106	106	106	106
Square feet	3,411,819	3,411,819	3,272,318	3,272,318	3,272,318	3,272,318	3,252,069	3,252,069	3,252,069	3,252,069
Capacity	21,575	21,575	18,670	18,670	18,670	18,670	17,970	17,970	17,970	17,970
Enrollment	14,404	14,647	16,790	16,790	16,790	16,010	16,123	17,004	16,876	16,924
<b>Other</b>										
Buildings	94	28	28	28	28	28	22	22	22	22
Square feet	453,143	113,288	113,288	113,288	113,288	113,288	118,608	118,608	118,608	118,608
Capacity	675	300	300	300	300	300	300	300	300	300
Enrollment	174	250	250	250	250	193	282	282	299	304
<b><u>Administrative</u></b>										
Buildings	90	89	89	89	89	89	88	88	88	88
Square feet	443,496	410,510	410,510	410,510	410,510	410,510	408,778	408,778	408,778	408,778

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

(This page intentionally left blank)