

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TUCSON, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Issued by:
Financial Services Department

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS

| <u>INTRODUCTORY SECTION</u> | <u>Page</u> |
|--|--------------------|
| Letter of Transmittal | i |
| ASBO Certificate of Excellence | ix |
| GFOA Certificate of Achievement | x |
| Organizational Chart | xi |
| List of Principal Officials | xii |
| <u>FINANCIAL SECTION</u> | |
| INDEPENDENT AUDITOR’S REPORT | 1 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information) | 5 |
| BASIC FINANCIAL STATEMENTS | |
| 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)

| <u>FINANCIAL SECTION</u> (Cont'd) | <u>Page</u> |
|---|-------------|
| BASIC FINANCIAL STATEMENTS (Concl'd) | |
| 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 |
| SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information) | |
| General Fund | 56 |
| Classroom Site Fund | 57 |
| Title I Grants Fund | 58 |
| Note to Required Supplementary Information | 59 |
| COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES | |
| Governmental Funds: | |
| 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 |
| Special Revenue Funds: | |
| 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 | 84 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS (Cont'd)

| <u>FINANCIAL SECTION (Concl'd)</u> | <u>Page</u> |
|---|--------------------|
| 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 | 110 |
| Capital Projects Funds: | |
| Combining Balance Sheet | 112 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 114 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual | 116 |
| Internal Service Funds: | |
| Combining Statement of Net position | 124 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net position | 125 |
| Combining Statement of Cash Flows | 126 |
| Agency Funds: | |
| Combining Statement of Assets and Liabilities | 128 |
| Combining Statement of Changes in Assets and Liabilities | 129 |
| <u>STATISTICAL SECTION</u> | |
| Financial Trends: | |
| Net position by Component | 133 |
| Expenses, Program Revenues, and Net (Expense)/Revenue | 134 |
| General Revenues and Total Changes in Net position | 136 |
| Fund Balances – Governmental Funds | 138 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS (Concl'd)

| <u>STATISTICAL SECTION (Concl'd)</u> | <u>Page</u> |
|--|-------------|
| Governmental Funds Revenues | 140 |
| Governmental Funds Expenditures and Debt Service Ratio | 142 |
| Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds | 144 |
| Revenue Capacity: | |
| Primary Assessed Value and Estimated Actual Value of Taxable Property by Class | 145 |
| Secondary Assessed Value of Taxable Property by Class | 146 |
| Property Tax Assessment Ratios | 147 |
| Direct and Overlapping Property Tax Rates | 148 |
| Principal Property Taxpayers | 149 |
| Property Tax Levies and Collections | 150 |
| Debt Capacity: | |
| Outstanding Debt by Type | 151 |
| Direct and Overlapping Governmental Activities Debt | 152 |
| Direct and Overlapping General Bonded Debt Ratios | 152 |
| Legal Debt Margin Information | 153 |
| Demographic and Economic Information: | |
| County-Wide Demographic and Economic Statistics | 154 |
| Principal Employers | 155 |
| Operating Information: | |
| Full-Time Equivalent District Employees by Type | 156 |
| Operating Statistics | 158 |
| Capital Assets Information | 159 |

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INTRODUCTORY SECTION

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Office of the Chief Financial Officer

Karla G. Soto

1010 E. 10th St ▪ Tucson, AZ 85719 ▪ (520)225-6493 Office ▪ (520)225-6179 Fax

December 29, 2014

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, 2014.

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, 2014, 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, 2014, 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.

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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 created by a territorial board of supervisors on November 18, 1867 before Arizona was 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 50,000 students from Pre-Kindergarten through grade 12. Projected enrollment for the 2014-15 school year is 46,070 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 80th largest school district in the United States. The District offers extensive educational programs, such as advanced learning experiences (ALE), career and technical education (CTE), gifted and talented education (GATE), fine arts, bilingual and multicultural education. The District is composed of 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 2013-14 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 District's purpose and responsibility is to provide an efficient educational system for the children enrolled in public schools within its boundaries, whereby each child has access to programs and services that are appropriate to his or her educational needs.

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

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

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

Since 1975, Metropolitan Tucson has grown by an average of 2.4 percent per year. There have been only two instances within the reported time period where population growth fell below 1 percent. 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.

A. Five-Year Strategic Plan:

In February 2014, the Governing Board approved a Five-Year Strategic Plan that includes strategic priorities in five key areas: curriculum, diversity, finance, operations, and communication. The plan was formed with input from more than 400 community members. For each year, each category in the plan contains five strategic priorities and five SMART (specific, measurable, achievable, realistic, time-bound) goals. In all, the five-year plan contains 125 goals designed to serve as a road map for achieving high performance and tight alignment. The plan was informed by key studies: a curriculum audit, an efficiency audit, a demographic study and a boundary review. These audits and plans were used to form the basis for understanding where TUSD needs to grow and improve. The District makes quarterly presentations to the public and the Governing Board to report on the progress of the District toward the goals.

B. Comprehensive Curriculum:

One of the key findings in the curriculum audit was that the District lacked a comprehensive curriculum. One of the key projects during 2013-14 was an aggressive push to develop a written curriculum aligned to standards and appropriate for systematic deployment. The Curriculum Department started the curriculum development process with an emphasis on the core subjects of English Language Arts and Mathematics, developing curriculum maps and a written scope and sequence to ensure that students at all sites – regardless of race, ethnicity, ELL status, or socio-economic background – would be exposed to teaching which reflects an underlying curriculum assigned to consistent standards. Instructional improvement was tailored to Charlotte Danielson’s Framework for Teaching (which also underlies the District’s teacher evaluation instrument).

C. Electronic Resource Planning System:

Another key project is the implementation of an Electronic Resource Planning (ERP) system. For many years, the District has lacked a cohesive, efficient financial management software system. At its May 27, 2014 meeting, the TUSD Governing Board approved the purchase and implementation of a new ERP by Infinite Visions that will encompass finance and human resources functions in the most efficient manner directed by industry best practices and compliance. Infinite Visions ERP system is used by 93 percent of the school districts within Arizona along with implementations across the United States. It was specifically developed to service school districts, in contrast to current systems which were developed to service corporate enterprises.

D. Desegregation Order:

The District has developed a Unitary Status Plan (USP) that serves as a guide to achieving Unitary Status as required by the court in 2013. The District had been under a federal desegregation order (Stipulation of Settlement) from 1978 until 2008, when it was declared unitary, removed from federal court supervision and placed under a Post-Unitary Status Plan. The plaintiffs in the case appealed, won, and in 2011 the District was placed back under federal court supervision. The Unitary Status Plan (USP) contains 20 implementation plans in areas such as advanced learning opportunities, marketing and outreach, and professional development.

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

E. 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.

Initiatives that are underway and are projected to either start or be completed during fiscal year 2014-15 are as follows:

- **PayCard:** The District's payroll unit has 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.
- **Electronic Resource Planning System (ERP).** As noted earlier, the District is implementing a new ERP system that will increase efficiency, reduce costs of operating manual systems, and provide more timely and accurate data. The system will include electronic employee action forms to automate hiring and terminating which will provide for more efficient workflow and speed up processes. The system will also include an asset management system to safeguard district assets and to automate the current manual process.
- **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 energy management systems to reduce costs using control systems to better manage the utilities in the district.
- Launching infant learning centers for School District employees that will offer reduced rates for childcare.
- Implementing new and improved meal service initiatives: Go Line, Go-Cart and Fusion are some of the programs that have been 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. Tucson Unified School District has imparted a new curricular focus by implementing a community created District Strategic plan. The plan provides a laser-like focus on developing, deploying, and assessing District curriculum aligned to State standards. Strategic priorities 1, 3 and 4 provide yearly benchmark goals in each of the above reference areas.

Strategic Priority 1 states, “TUSD will design an aligned, articulated and well administered curriculum that supports academically high standards of learning for all children, integrates college and career ready skills, incorporates fine and performing arts, and is culturally relevant for our diverse student population.” It will be reviewed and revisited regularly to meet the changing demands of our students and community.

- During the 2014-15 school year, the curriculum department will reveal an aligned and comprehensive scope and sequence to all schools in order to provide a guide for teachers in planning.
- To ensure optimum accessibility, a Teaching and Learning website is underway to host all curricular materials for teacher, parent and administrator use.
- In conjunction with the Language Acquisition department, scope and sequence documents have been created for English Language Development programs. These documents will ensure that all English Language learners are provided with continuity of program implementation from site to site.
- In order to support the technical subjects such as Science, Social Studies Fine Arts, have been developed to illustrate the integration of literacy standards in grades 6-12, ELA and Math.
- At the conclusion of the 2014-15 school year, results of a yearly curricular review process will yield a revised ELA and Math scope and sequence documents along with curriculum maps. This iterative process will assist with changing State standards and possibly State assessment expectations.

Strategic Priority 4: Data – TUSD will use a range of student and classroom data routinely to check for understanding of concepts taught, monitor progress of student learning, and drive instructional decisions to facilitate improved student learning. During the 2014-15 school year, English Language Arts and Mathematics Data will be collected and analyzed to provide staff development on how to appropriately use the data to drive instructional decisions.

The following action steps will be implemented such as: Benchmark assessments are administered each quarter that align to the new curriculum's scope and sequence. The assessments are reviewed by expert teachers from across the District to ensure that the tests are weight appropriately to the scope and sequence, that the questions are grade level appropriate and that the intent of the questions are un-ambiguous.

Student writing is now incorporated into the quarterly assessments. Teachers have up to three Wednesdays a month to read, score, and discuss student work. PD was provided to principals, curriculum facilitators and the learning support coordinators on scoring student writing.

Selected schools are chosen each quarter to produce anchor papers of student text to serve as exemplars of scoring from a range of student writing skills. PD will be provided to teachers in December 2014 throughout the District in concert with the norming student writing samples from each school.

PD is provided to principals, curriculum facilitators and the learning support coordinators on data interpretation of the results of each quarterly assessment. This process is then taken back to the schools and shared with the teachers.

The Assessment & Evaluation (A&E) team is working closely with the assessment company (ATI) to provide 'ready-made' 5-question formative assessments on the target standards by grade and subject. Teachers are encouraged to use the mini assessment on a weekly or bi-weekly basis to gauge student learning.

Assessments that teachers use on a regular basis are:

Teacher's own unit assessments and/or end of chapter tests from the textbooks Reading: DIBELS and RAPS 360 ELL's: Avenues/Envisions (elementary and secondary), DRA/EDL, Las Links, and Imagine Learning Español Successmaker in reading and math – grades 2-8. An ATI committee was formed and meets regularly to guide the rollout of the quarterly assessments.

AWARDS AND ACKNOWLEDGMENT

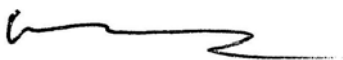
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twenty-eighth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. 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 ended June 30, 2014 certificates.

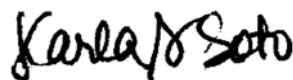
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the financial services department. Each member of the department has our sincere appreciation for the contributions made in the preparation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



Karla G. Soto
Chief Financial Officer

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, 2013*

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



A handwritten signature in black ink, reading 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO
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**

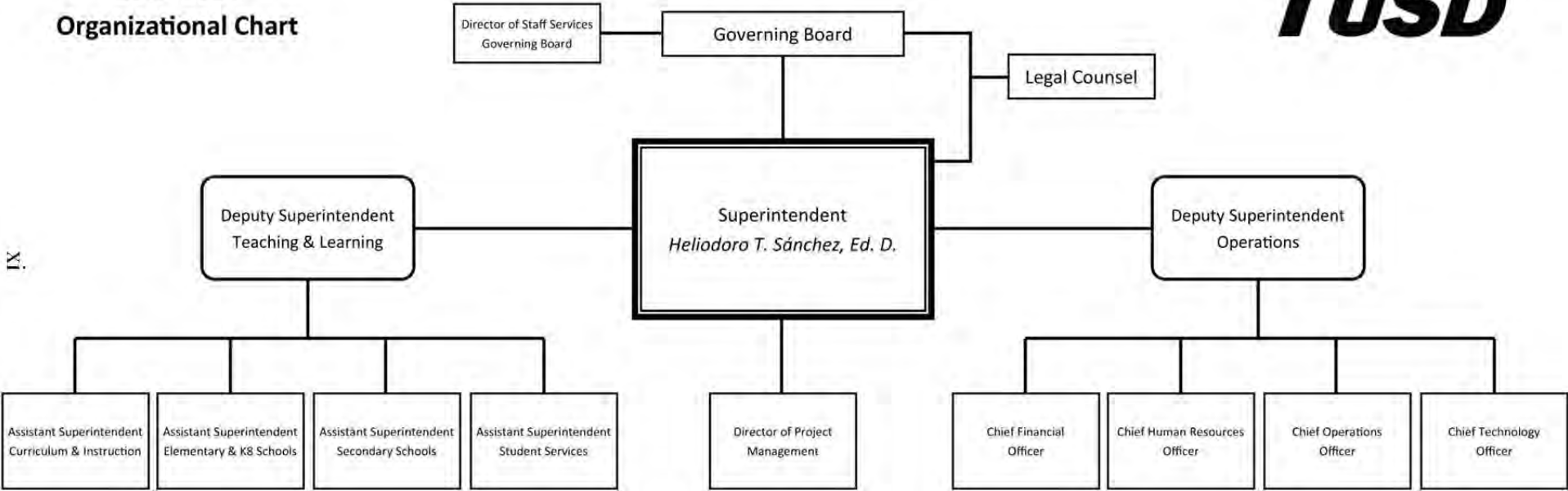
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



2013-2014
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

ASSISTANT SUPERINTENDENT CURRICULUM & INSTRUCTION

Steven D. Holmes

ASSISTANT SUPERINTENDENT ELEMENTARY & K-8 SCHOOLS

Ana Gallegos

ASSISTANT SUPERINTENDENT SECONDARY SCHOOLS

Abel Morado, Ed.D.

ASSISTANT SUPERINTENDENT STUDENT SERVICES

Eugene Butler

LEGAL COUNSEL

Julie Tolleson

CHIEF FINANCIAL OFFICER

Karla G. Soto

CHIEF HUMAN RESOURCES OFFICER

Anna Maiden

CHIEF OPERATIONS OFFICER

Stuart Duncan

CHIEF TECHNOLOGY OFFICER

Damon Jackson

DIRECTOR OF PROJECT MANAGEMENT

Scott Morrison

FINANCIAL SECTION

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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, 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tucson Unified School District No. 1, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, 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 29, 2014, 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 29, 2014

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

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$16.6 million which represents an increase of 3 percent from the prior fiscal year primarily due to funding for bonded debt exceeding depreciation on the related assets.
- General revenues accounted for \$366.5 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 \$81.7 million or 18 percent of total current fiscal year revenues.
- The District had approximately \$431.6 million in expenses related to governmental activities, a decrease of 5 percent from the prior fiscal year.
- Among major funds, the General Fund had \$301.6 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$300.2 million in expenditures. The General Fund's fund balance decreased from \$32.5 million at the prior fiscal year end, to \$31.9 million at the end of the current fiscal year.
- Net position for the Internal Service Funds increased \$3.5 million from the prior fiscal year primarily due to contribution revenue exceeding claims expense. Operating revenues of \$31.1 million exceeded operating expenses of \$27.8 million at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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.

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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Classroom Site, Title I Grants, Debt Service, and Unrestricted Capital Outlay 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, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities by \$572.9 million at the current fiscal year end.

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

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2014 and June 30, 2013.

| | As of <u>June 30, 2014</u> | As of <u>June 30, 2013</u> |
|----------------------------------|-------------------------------|-------------------------------|
| Current and other assets | \$ 142,980,677 | \$ 170,689,613 |
| Capital assets, net | <u>707,887,990</u> | <u>706,937,946</u> |
| Total assets | <u>850,868,667</u> | <u>877,627,559</u> |
| Deferred outflows | 6,922,195 | 7,027,705 |
| Current and other liabilities | 39,649,928 | 62,146,348 |
| Long-term liabilities | <u>245,270,727</u> | <u>266,231,009</u> |
| Total liabilities | <u>284,920,655</u> | <u>328,377,357</u> |
| Net position: | | |
| Net investment in capital assets | 478,823,950 | 478,208,141 |
| Restricted | 36,973,962 | 38,076,040 |
| Unrestricted | <u>57,072,295</u> | <u>39,993,726</u> |
| Total net position | <u>\$ 572,870,207</u> | <u>\$ 556,277,907</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, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

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

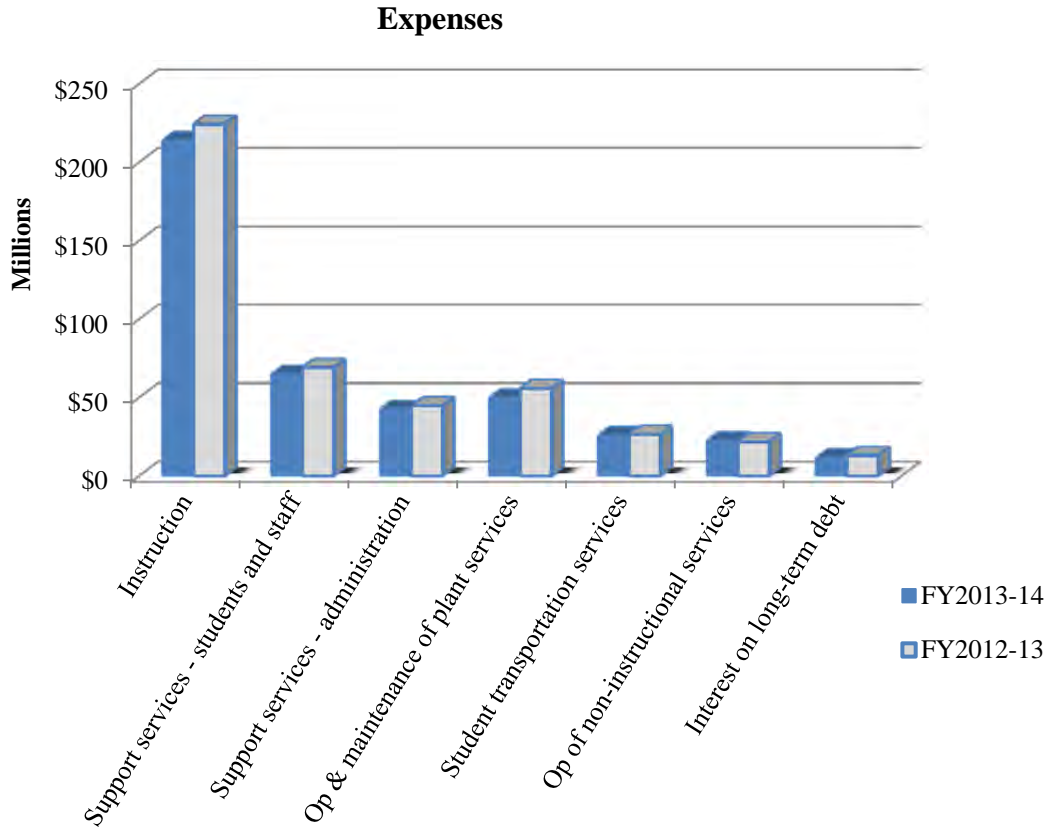
- The net addition of \$27.9 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The depreciation of capital assets resulting in an increase of \$26.7 million in accumulated depreciation.
- The principal retirement of \$37.1 million of bonds.

Changes in net position. The District's total revenues for the current fiscal year were \$448.2 million. The total cost of all programs and services was \$431.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

| | Fiscal Year Ended <u>June 30, 2014</u> | Fiscal Year Ended <u>June 30, 2013</u> |
|---|--|--|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 10,294,526 | \$ 9,421,503 |
| Operating grants and contributions | 64,756,379 | 70,030,026 |
| Capital grants and contributions | 6,645,889 | 3,735,347 |
| General revenues: | | |
| Property taxes | 196,580,406 | 210,597,466 |
| Investment income | 352,847 | 740,367 |
| Unrestricted county aid | 14,097,314 | 14,372,495 |
| Unrestricted state aid | 152,463,686 | 146,611,426 |
| Unrestricted federal aid | <u>3,028,953</u> | <u>2,699,805</u> |
| Total revenues | <u>448,220,000</u> | <u>458,208,435</u> |
| Expenses: | | |
| Instruction | 213,899,377 | 224,302,136 |
| Support services – students and staff | 64,945,835 | 69,035,667 |
| Support services – administration | 42,732,507 | 44,610,584 |
| Operation and maintenance of plant services | 49,866,704 | 55,716,491 |
| Student transportation services | 25,895,104 | 26,338,473 |
| Operation of non-instructional services | 22,647,923 | 21,534,017 |
| Interest on long-term debt | <u>11,640,250</u> | <u>13,064,629</u> |
| Total expenses | <u>431,627,700</u> | <u>454,601,997</u> |
| Changes in net position | <u>16,592,300</u> | <u>3,606,438</u> |
| Net position, beginning | <u>556,277,907</u> | <u>552,671,469</u> |
| Net position, ending | <u>\$ 572,870,207</u> | <u>\$ 556,277,907</u> |

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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 \$14.0 million in property tax revenues is due to a decrease in the assessed value of property within the District.
- The increase of \$5.9 million in unrestricted state aid is due to an increase in the base level support of the state funding formula.
- The overall decrease of \$23.0 million in expenses is primarily due to efforts by the District to maximize budget and cash carryforward for future year's expenditures.

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, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

| | <u>Year Ended June 30, 2014</u> | | <u>Year Ended June 30, 2013</u> | |
|---|---------------------------------|------------------------------|---------------------------------|------------------------------|
| | Total Expenses | Net (Expense)/ Revenue | Total Expenses | Net (Expense)/ Revenue |
| Instruction | \$ 213,899,377 | \$(174,742,937) | \$ 224,302,136 | \$ (182,065,997) |
| Support services – students and staff | 64,945,835 | (55,052,525) | 69,035,667 | (56,133,703) |
| Support services – administration | 42,732,507 | (41,000,365) | 44,610,584 | (42,198,523) |
| Operation and maintenance of plant services | 49,866,704 | (44,793,885) | 55,716,491 | (52,083,276) |
| Student transportation services | 25,895,104 | (25,881,725) | 26,338,473 | (26,308,894) |
| Operation of non-instructional services | 22,647,923 | 1,923,337 | 21,534,017 | (856,160) |
| Interest on long-term debt | 11,640,250 | (10,382,806) | 13,064,629 | (11,768,568) |
| Total | <u>\$ 431,627,700</u> | <u>\$(349,930,906)</u> | <u>\$ 454,601,997</u> | <u>\$ (371,415,121)</u> |

- The cost of all governmental activities this year was \$431.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$81.7 million.
- Net cost of governmental activities of \$349.9 million was financed by general revenues, which are made up of primarily property taxes of \$196.6 million and state aid of \$152.5 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$64.4 million, a decrease of \$17.3 million due primarily to the utilization of accumulated capital funds for current year capital outlay expenditures.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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

The General Fund comprises 50 percent of the total fund balance. Approximately \$30.5 million, or 96 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance decreased \$525,037 to \$31.9 million as of fiscal year end. General Fund revenues decreased \$7.5 million as a result of a decrease in property taxes levied. General Fund expenditures decreased \$26.0 million as a result of the closure of school sites and efforts by the District to reduce expenditures.

Classroom Site Fund revenues and expenditures increased \$3.1 million and \$1.1 million, respectively, as a result of increased funding received from the state.

Title I Grants Fund revenues and expenditures increased \$2.4 million and \$2.9 million, respectively, as a result of the utilization of carryover from the prior year's allocation.

The Debt Service Fund's fund balance decreased \$4.6 million as a result of the utilization of fund balance for bond payments. The Debt Service Fund revenues increased \$2.2 million. The Debt Service Fund expenditures decreased \$7,084.

The Unrestricted Capital Outlay Fund's fund balance decreased \$8.5 million to a deficit \$2.8 million due to renovation and technology projects undertaken during the year. Revenues in future years are expected to eliminate the deficit fund balance.

Proprietary funds. During the current fiscal year, the District's contributions to the internal service funds were \$31.1 million to fund current year claims expense and administrative costs. Unrestricted net position of the internal service funds at the end of the fiscal year amounted to \$26.7 million. The increase of \$3.5 million from the prior fiscal year was primarily due to contributions exceeding current year claims expense.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in enrollment. The difference between the original budget and the final amended budget was a decrease of less than one percent.

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

BUDGETARY HIGHLIGHTS (Concl'd)

The significant variances are summarized as follows.

- The favorable variance of \$6.2 million in instruction was a result of budgeting the maximum budget carryforward possible to provide capacity in future years for contingencies.
- The favorable variance of \$6.3 million in support services – students and staff was a result of positions that were budgeted for but not filled during the year.
- The unfavorable variance of \$2.2 million in operation and maintenance is due to the prior year subsidization of costs by alternative funds.

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 \$26.4 million from the prior fiscal year, primarily due to school facility upgrades. Total depreciation expense for the year was \$26.7 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2014 and June 30, 2013.

| | As of <u>June 30, 2014</u> | As of <u>June 30, 2013</u> |
|-----------------------------------|-------------------------------|-------------------------------|
| Capital assets – non-depreciable | \$ 17,761,839 | \$ 44,347,836 |
| Capital assets – depreciable, net | 690,126,151 | 662,590,110 |
| Total | <u>\$ 707,887,990</u> | <u>\$ 706,937,946</u> |

The estimated cost to complete current construction projects is \$425,000. Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$221.8 million in long-term debt outstanding, \$21.5 million due within one year. This represents a net decrease of \$27.8 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 \$908.8 million and the Class B debt limit is \$302.9 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 10.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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 2014-15 budget. Among them:

- Fiscal year 2013-14 budget balance carry forward (estimated \$9.7 million).
- District student population used to allocate resources to the sites (estimated 48,872 with Pre-K, 47,893 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 2 percent to \$300.0 million in fiscal year 2014-15 due to continued declines in enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2014

| | Governmental Activities |
|--|----------------------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and investments | \$ 51,340,637 |
| Property taxes receivable | 13,836,248 |
| Accounts receivable | 268,615 |
| Due from governmental entities | 71,750,484 |
| Prepaid items | 36,665 |
| Inventory | 2,330,641 |
| Total current assets | 139,563,290 |
| Noncurrent assets: | |
| Cash and investments-restricted | 3,417,387 |
| Land | 14,466,785 |
| Land improvements | 75,779,341 |
| Buildings and improvements | 870,853,637 |
| Vehicles, furniture and equipment | 70,794,085 |
| Construction in progress | 3,295,054 |
| Accumulated depreciation | (327,300,912) |
| Total noncurrent assets | 711,305,377 |
| Total assets | 850,868,667 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred charge on refunding | 6,922,195 |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Accounts payable | 9,360,819 |
| Claims payable | 6,186,956 |
| Accrued payroll and employee benefits | 19,386,942 |
| Compensated absences payable | 2,777,682 |
| Unearned revenues | 303,294 |
| Obligations under capital leases | 7,136,987 |
| Bonds payable | 14,315,000 |
| Total current liabilities | 59,467,680 |
| Noncurrent liabilities: | |
| Claims payable | 4,411,917 |
| Non-current portion of long-term obligations | 221,041,058 |
| Total noncurrent liabilities | 225,452,975 |
| Total liabilities | 284,920,655 |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 478,823,950 |
| Restricted for: | |
| Voter approved initiatives | 12,127,002 |
| Federal and state projects | 2,953,937 |
| Food service | 4,712,138 |
| Other local initiatives | 10,820,158 |
| Debt service | 5,384,563 |
| Capital outlay | 976,164 |
| Unrestricted | 57,072,295 |
| Total net position | \$ 572,870,207 |

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, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|-----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental activities: | | | | | |
| Instruction | \$ 213,899,377 | \$ 5,875,912 | \$ 30,408,254 | \$ 2,872,274 | \$ (174,742,937) |
| Support services - students and staff | 64,945,835 | | 9,893,310 | | (55,052,525) |
| Support services - administration | 42,732,507 | | 1,732,142 | | (41,000,365) |
| Operation and maintenance of plant services | 49,866,704 | 1,023,287 | 275,917 | 3,773,615 | (44,793,885) |
| Student transportation services | 25,895,104 | | 13,379 | | (25,881,725) |
| Operation of non-instructional services | 22,647,923 | 3,395,327 | 21,175,933 | | 1,923,337 |
| Interest on long-term debt | 11,640,250 | | 1,257,444 | | (10,382,806) |
| Total governmental activities | <u>\$ 431,627,700</u> | <u>\$ 10,294,526</u> | <u>\$ 64,756,379</u> | <u>\$ 6,645,889</u> | <u>(349,930,906)</u> |

General revenues:

Taxes:

| | |
|---|--------------------|
| Property taxes, levied for general purposes | 151,093,018 |
| Property taxes, levied for debt service | 42,704,992 |
| Property taxes, levied for capital outlay | 2,782,396 |
| Investment income | 352,847 |
| Unrestricted county aid | 14,097,314 |
| Unrestricted state aid | 152,463,686 |
| Unrestricted federal aid | 3,028,953 |
| Total general revenues | <u>366,523,206</u> |

Changes in net position

16,592,300

Net position, beginning of year

556,277,907

Net position, end of year

\$ 572,870,207

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

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FUND FINANCIAL STATEMENTS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

| | General | Classroom Site | Title I Grants |
|--|----------------------|----------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 1,604,377 | \$ | \$ |
| Cash and investments-restricted | | | |
| Property taxes receivable | 10,579,602 | | |
| Accounts receivable | 38,173 | | |
| Due from governmental entities | 54,889,486 | 2,646,990 | 7,177,682 |
| Due from other funds | | 10,075,672 | |
| Inventory | 1,401,642 | | |
| Total assets | \$ 68,513,280 | \$ 12,722,662 | \$ 7,177,682 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 4,658,338 | \$ | \$ 365,118 |
| Due to governmental entities | | | |
| Due to other funds | 7,814,640 | | 5,438,961 |
| Accrued payroll and employee benefits | 14,797,729 | 1,026,373 | 1,373,603 |
| Unearned revenues | | | |
| Total liabilities | 27,270,707 | 1,026,373 | 7,177,682 |
| Deferred inflows of resources: | | | |
| Unavailable revenues - property taxes | 9,301,031 | | |
| Fund balances (deficits): | | | |
| Nonspendable | 1,401,642 | | |
| Restricted | | 11,696,289 | |
| Committed | | | |
| Unassigned | 30,539,900 | | |
| Total fund balances | 31,941,542 | 11,696,289 | |
| Total liabilities, deferred inflows of resources and fund balances | \$ 68,513,280 | \$ 12,722,662 | \$ 7,177,682 |

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

| <u>Debt Service</u> | <u>Unrestricted Capital Outlay</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------|--|---|---|
| \$ 2,487,741 | \$ | \$ 9,853,126 | \$ 13,945,244 |
| | 3,417,387 | | 3,417,387 |
| 2,896,822 | 334,900 | 24,924 | 13,836,248 |
| | | 230,442 | 268,615 |
| | 537,273 | 6,499,053 | 71,750,484 |
| | | 10,712,629 | 20,788,301 |
| | | 928,999 | 2,330,641 |
| <u>\$ 5,384,563</u> | <u>\$ 4,289,560</u> | <u>\$ 28,249,173</u> | <u>\$ 126,336,920</u> |
| | | | |
| \$ | \$ 3,021,886 | \$ 1,175,669 | \$ 9,221,011 |
| | | 19,110 | 19,110 |
| | 3,682,625 | 3,852,075 | 20,788,301 |
| | 42,317 | 2,146,920 | 19,386,942 |
| | | 303,294 | 303,294 |
| | <u>6,746,828</u> | <u>7,497,068</u> | <u>49,718,658</u> |
| | | | |
| <u>2,538,462</u> | <u>316,028</u> | <u>18,718</u> | <u>12,174,239</u> |
| | | | |
| 2,846,101 | | 928,999 | 2,330,641 |
| | | 18,945,393 | 33,487,783 |
| | | 910,868 | 910,868 |
| | (2,773,296) | (51,873) | 27,714,731 |
| <u>2,846,101</u> | <u>(2,773,296)</u> | <u>20,733,387</u> | <u>64,444,023</u> |
| | | | |
| <u>\$ 5,384,563</u> | <u>\$ 4,289,560</u> | <u>\$ 28,249,173</u> | <u>\$ 126,336,920</u> |

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total governmental fund balances **\$ 64,444,023**

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 | \$ 1,035,188,902 | |
| Less accumulated depreciation | <u>(327,300,912)</u> | 707,887,990 |

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

12,174,239

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

| | | |
|------------------------------|------------------|------------------|
| Bond premium | (7,277,538) | |
| Deferred charge on refunding | <u>6,922,195</u> | <u>(355,343)</u> |

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.

26,712,487

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

| | | |
|----------------------------------|----------------------|----------------------|
| Compensated absences payable | (16,206,687) | |
| Obligations under capital leases | (23,816,502) | |
| Bonds payable | <u>(197,970,000)</u> | <u>(237,993,189)</u> |

Net position of governmental activities **\$ 572,870,207**

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, 2014

| | <u>General</u> | <u>Classroom Site</u> | <u>Title I Grants</u> |
|--|----------------------|-----------------------|-----------------------|
| Revenues: | | | |
| Other local | \$ 17,514,624 | \$ 44,976 | \$ |
| Property taxes | 150,132,465 | | |
| State aid and grants | 130,860,704 | 18,289,293 | |
| Federal aid, grants and reimbursements | 3,078,364 | | 25,844,643 |
| Total revenues | <u>301,586,157</u> | <u>18,334,269</u> | <u>25,844,643</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 141,676,813 | 12,366,326 | 13,023,457 |
| Support services - students and staff | 48,361,158 | 533,645 | 6,432,490 |
| Support services - administration | 38,099,153 | | 1,931,222 |
| Operation and maintenance of plant services | 48,679,052 | | 271,067 |
| Student transportation services | 22,346,124 | | 15,094 |
| Operation of non-instructional services | 577,283 | | |
| Capital outlay | 490,253 | | 3,032,907 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>300,229,836</u> | <u>12,899,971</u> | <u>24,706,237</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,356,321</u> | <u>5,434,298</u> | <u>1,138,406</u> |
| Other financing sources (uses): | | | |
| Transfers in | 2,424,338 | | |
| Transfers out | (4,352,720) | | (1,138,406) |
| Capital lease agreements | | | |
| Total other financing sources (uses): | <u>(1,928,382)</u> | | <u>(1,138,406)</u> |
| Changes in fund balances | <u>(572,061)</u> | <u>5,434,298</u> | |
| Fund balances, beginning of year | 32,466,579 | 6,261,991 | |
| Increase (decrease) in reserve for inventory | 47,024 | | |
| Fund balances, end of year | <u>\$ 31,941,542</u> | <u>\$ 11,696,289</u> | <u>\$</u> |

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

| <u>Debt Service</u> | <u>Unrestricted Capital Outlay</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------|--|---|---|
| \$ 39,196 | \$ 168,687 | \$ 11,402,771 | \$ 29,170,254 |
| 42,303,204 | 2,164,280 | 788,062 | 195,388,011 |
| | 1,324,662 | 2,985,980 | 153,460,639 |
| <u>1,257,444</u> | <u>3,657,629</u> | <u>39,461,551</u> | <u>69,642,002</u> |
| <u>43,599,844</u> | | <u>54,638,364</u> | <u>447,660,906</u> |
| | | 15,103,598 | 182,170,194 |
| | | 7,600,869 | 62,928,162 |
| | | 882,595 | 40,912,970 |
| | | 278,242 | 49,228,361 |
| | | 264,978 | 22,626,196 |
| | | 21,992,556 | 22,569,839 |
| | 28,600,469 | 13,206,783 | 45,330,412 |
| 37,075,000 | 6,773,913 | 3,390,318 | 47,239,231 |
| 11,124,915 | 595,756 | | 11,720,671 |
| <u>48,199,915</u> | <u>35,970,138</u> | <u>62,719,939</u> | <u>484,726,036</u> |
| <u>(4,600,071)</u> | <u>(32,312,509)</u> | <u>(8,081,575)</u> | <u>(37,065,130)</u> |
| | 4,352,720 | | 6,777,058 |
| | | (1,285,932) | (6,777,058) |
| | 19,425,678 | | 19,425,678 |
| | <u>23,778,398</u> | <u>(1,285,932)</u> | <u>19,425,678</u> |
| <u>(4,600,071)</u> | <u>(8,534,111)</u> | <u>(9,367,507)</u> | <u>(17,639,452)</u> |
| 7,446,172 | 5,760,815 | 29,787,354 | 81,722,911 |
| | | 313,540 | 360,564 |
| <u>\$ 2,846,101</u> | <u>\$ (2,773,296)</u> | <u>\$ 20,733,387</u> | <u>\$ 64,444,023</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, 2014

Net changes in fund balances - total governmental funds **\$ (17,278,888)**

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 | \$ 27,849,032 | |
| Less current year depreciation | <u>(26,698,421)</u> | 1,150,611 |

Capital lease agreements provide current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position. (19,425,678)

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

| | | |
|-------------------|-----------------|-----------|
| Property taxes | 1,192,395 | |
| Intergovernmental | <u>(49,411)</u> | 1,142,984 |

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 | 10,164,231 | |
| Bond principal retirement | <u>37,075,000</u> | 47,239,231 |

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 assets | (200,567) | |
| Amortization of deferred bond items | 80,421 | |
| Compensated absences | <u>424,267</u> | 304,121 |

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. 3,459,919

Changes in net position in governmental activities **\$ 16,592,300**

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, 2014

| | Governmental Activities: Internal Service Funds |
|--------------------------------|--|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and investments | \$ 37,395,393 |
| Prepaid items | 36,665 |
| Total current assets | 37,432,058 |
| Total assets | 37,432,058 |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Accounts payable | 120,698 |
| Claims payable | 6,186,956 |
| Total current liabilities | 6,307,654 |
| Noncurrent liabilities: | |
| Claims payable | 4,411,917 |
| Total noncurrent liabilities | 4,411,917 |
| Total liabilities | 10,719,571 |
| <u>NET POSITION</u> | |
| Unrestricted | 26,712,487 |
| Total net position | \$ 26,712,487 |

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, 2014

| | Governmental Activities: Internal Service Funds |
|---|--|
| Operating revenues: | |
| Contributions | \$ 30,715,411 |
| Other | 411,053 |
| Total operating revenues | <u>31,126,464</u> |
| Operating expenses: | |
| Claims | 24,499,845 |
| Premiums | 1,737,769 |
| Administrative fees | 1,587,658 |
| Other | 8,925 |
| Total operating expenses | <u>27,834,197</u> |
| Operating income (loss) | <u>3,292,267</u> |
| Nonoperating revenues (expenses): | |
| Investment income | 167,652 |
| Total nonoperating revenues (expenses) | <u>167,652</u> |
| Changes in net position | <u>3,459,919</u> |
| Total net position, beginning of year | 23,252,568 |
| Total net position, end of year | <u><u>\$ 26,712,487</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, 2014

| | Governmental Activities: Internal Service Funds |
|---|--|
| <u>Increase in Cash and Cash Equivalents</u> | |
| Cash flows from operating activities: | |
| Cash received from contributions | \$ 30,715,631 |
| Cash payments for claims | (25,384,767) |
| Cash payments to suppliers for goods and services | (3,327,334) |
| Net cash provided by operating activities | 2,003,530 |
| Cash flows from investing activities: | |
| Investment income | 167,652 |
| Net cash provided by investing activities | 167,652 |
| Net increase in cash and cash equivalents | 2,171,182 |
| Cash and cash equivalents, beginning of year | 35,224,211 |
| Cash and cash equivalents, end of year | \$ 37,395,393 |
| <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u> | |
| Operating income | \$ 3,292,267 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Changes in assets and liabilities: | |
| Decrease in prepaid items | 220 |
| Increase in accounts payable | 7,018 |
| Decrease in claims payable | (1,295,975) |
| Total adjustments | (1,288,737) |
| Net cash provided by operating activities | \$ 2,003,530 |

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, 2014

| | Agency |
|-------------------------------|---------------------|
| <u>ASSETS</u> | |
| Cash and investments | \$ 9,056,054 |
| Total assets | \$ 9,056,054 |
| <u>LIABILITIES</u> | |
| Deposits held for others | \$ 7,132,274 |
| Due to student groups | 1,923,780 |
| Total liabilities | \$ 9,056,054 |

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, 2014

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, 2014, the District implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as 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 funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services and athletic functions.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014

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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Classroom Site Fund – The Classroom Site Fund accounts 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.

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.

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.

Unrestricted Capital Outlay Fund – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

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.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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.

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 calculated by applying tax rates against both the primary assessed valuation and 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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 |

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

The District's employee 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.

M. 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, 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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.

N. 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.

O. 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.

P. 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.

Q. New Accounting Pronouncement

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the District's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

| | <u>General Fund</u> | <u>Classroom Site Fund</u> | <u>Debt Service Fund</u> | <u>Unrestricted Capital Outlay Fund</u> | <u>Non-Major Governmental Funds</u> |
|----------------------------|-------------------------|--------------------------------|------------------------------|---|---|
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ 1,401,642 | \$ | \$ | \$ | \$ 928,999 |
| Restricted: | | | | | |
| Debt service | | | 2,846,101 | | |
| Capital projects | | | | | 957,446 |
| Voter approved initiatives | | 11,696,289 | | | 430,713 |
| Federal and state projects | | | | | 2,953,937 |
| Food service | | | | | 3,783,139 |
| Civic center | | | | | 3,328,591 |
| Extracurricular programs | | | | | 5,738,156 |
| Other purposes | | | | | 1,753,411 |
| Committed: | | | | | |
| School improvements | | | | | 910,868 |
| Unassigned | 30,539,900 | | | (2,773,296) | (51,873) |
| Total fund balances | <u>\$ 31,941,542</u> | <u>\$ 11,696,289</u> | <u>\$ 2,846,101</u> | <u>\$ (2,773,296)</u> | <u>\$ 20,733,387</u> |

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the Unrestricted Capital Outlay Fund, a major governmental fund, and the Building Renewal Grant Fund, a non-major governmental fund, reported deficits of \$2,773,296 and \$51,873, respectively, in fund balance. The deficits arose because of operations during the year. Additional revenues received in fiscal year 2014-15 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$35,656,705 and the bank balance was \$33,506,616, which includes \$15,521,786 of certificates on deposit. At year end, all 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.

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 | \$ 1,227,794 |
| County Treasurer’s investment pool | 268 days average | 24,739,649 |
| State Treasurer’s investment pool 7 | 19 days average | 2,189,930 |
| Total | | <u>\$ 28,157,373</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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

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

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.

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>Classroom Site Fund</u> | <u>Title I Grants Fund</u> | <u>Unrestricted Capital Outlay Fund</u> | <u>Non-Major Governmental Funds</u> |
|---------------------------------------|-------------------------|--------------------------------|--------------------------------|---|---|
| Due from other governmental entities: | | | | | |
| Due from Federal government | \$ 1,630,192 | \$ | \$ 7,177,682 | \$ | \$ 5,644,598 |
| Due from State government | 53,189,968 | 2,646,990 | | 537,273 | 854,455 |
| Due from County government | 69,326 | | | | |
| Net due from governmental entities | <u>\$ 54,889,486</u> | <u>\$ 2,646,990</u> | <u>\$ 7,177,682</u> | <u>\$ 537,273</u> | <u>\$ 6,499,053</u> |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS

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

| <u>Governmental Activities</u> | Beginning Balance | Increase | Decrease | Ending Balance |
|--|-----------------------|----------------------|----------------------|-----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 14,466,785 | \$ | \$ | \$ 14,466,785 |
| Construction in progress | 29,881,051 | 24,647,837 | 51,233,834 | 3,295,054 |
| Total capital assets, not being depreciated | <u>44,347,836</u> | <u>24,647,837</u> | <u>51,233,834</u> | <u>17,761,839</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 68,390,044 | 7,389,297 | | 75,779,341 |
| Buildings and improvements | 827,320,253 | 43,533,384 | | 870,853,637 |
| Vehicles, furniture and equipment | 68,692,577 | 3,512,348 | 1,410,840 | 70,794,085 |
| Total capital assets being depreciated | <u>964,402,874</u> | <u>54,435,029</u> | <u>1,410,840</u> | <u>1,017,427,063</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (27,559,962) | (2,748,143) | | (30,308,105) |
| Buildings and improvements | (240,831,621) | (17,775,178) | | (258,606,799) |
| Vehicles, furniture and equipment | (33,421,181) | (6,175,100) | (1,210,273) | (38,386,008) |
| Total accumulated depreciation | <u>(301,812,764)</u> | <u>(26,698,421)</u> | <u>(1,210,273)</u> | <u>(327,300,912)</u> |
| Total capital assets, being depreciated, net | <u>662,590,110</u> | <u>27,736,608</u> | <u>200,567</u> | <u>690,126,151</u> |
| Governmental activities capital assets, net | <u>\$ 706,937,946</u> | <u>\$ 52,384,445</u> | <u>\$ 51,434,401</u> | <u>\$ 707,887,990</u> |

Depreciation expense was charged to governmental functions as follows.

| | |
|--|---------------------|
| Instruction | \$22,429,744 |
| Support services – students and staff | 146,514 |
| Support services – administration | 1,751,534 |
| Operation and maintenance of plant services | 270,111 |
| Student transportation services | 1,973,896 |
| Operation of non-instructional services | 126,622 |
| Total depreciation expense – governmental activities | <u>\$26,698,421</u> |

Construction Commitments – At year end, the District had contractual commitments related to various capital projects. At year end the District had spent \$3.3 million on the projects and had estimated remaining contractual commitments of \$425,000. These projects are being funded primarily with bond proceeds.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 has various projects in process that have been financed under the provisions of long-term lease agreements classified as capital leases. At June 30, 2014, lease proceeds of \$3.4 million were held by a trustee for future purchases related to the projects. 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 major governmental fund, are used to pay the capital lease obligations. Amortization expense of \$2,287,529 on assets held under capital leases is included in depreciation expense.

| | Governmental Activities |
|--------------------------------|----------------------------|
| Asset: | |
| Vehicles and equipment | \$ 37,170,778 |
| Less: Accumulated depreciation | (3,997,849) |
| Total | \$ 33,172,929 |

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: | |
| 2015 | \$ 7,874,674 |
| 2016 | 7,443,373 |
| 2017 | 5,954,945 |
| 2018 | 4,114,559 |
| Total minimum lease payments | 25,387,551 |
| Less: amount representing interest | 1,571,049 |
| Present value of minimum lease payments | \$ 23,816,502 |
| Due within one year | \$ 7,136,987 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – 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 \$700,620 for the current fiscal year. The operating leases have remaining noncancelable lease terms from 1 to 5 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: | | |
| | 2015 | \$ 674,127 |
| | 2016 | 581,963 |
| | 2017 | 440,788 |
| | 2018 | 229,437 |
| | 2019 | 85,560 |
| Total minimum payments required | | <u>\$ 2,011,875</u> |

NOTE 9 – 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, 2014 | Due Within One Year |
|------------------------------------|---------------------------|----------------|-------------------------|---|------------------------|
| Governmental activities: | | | | | |
| School Improvement Bonds, 2006 | \$ 10,000,000 | 4.00-5.00% | 7/1/15-26 | \$ 4,365,000 | \$ 285,000 |
| School Improvement Bonds, 2007 | 47,000,000 | 4.375-5.00% | 7/1/15-28 | 37,835,000 | 2,600,000 |
| School Improvement Bonds, 2008 | 57,000,000 | 4.00-5.00% | 7/1/15-28 | 54,200,000 | 5,600,000 |
| School Improvement Bonds, 2010 | 6,770,000 | 3.00-5.00% | 7/1/15-16 | 6,770,000 | 3,335,000 |
| School Improvement Bonds, 2010 | 67,230,000 | 4.32-5.12% | 7/1/16-29 | 67,230,000 | |
| Refunding Bonds, 2010 | 45,725,000 | 3.00-5.00% | 7/1/15-22 | 3,085,000 | 50,000 |
| Refunding Bonds, 2011 (nontaxable) | 28,115,000 | 3.00-5.00% | 7/1/15-24 | 24,485,000 | 2,445,000 |
| Total | | | | <u>\$ 197,970,000</u> | <u>\$ 14,315,000</u> |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – 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 |
| 2015 | \$ 14,315,000 | \$ 10,452,833 |
| 2016 | 14,800,000 | 9,508,425 |
| 2017 | 13,370,000 | 8,919,975 |
| 2018 | 11,135,000 | 8,329,446 |
| 2019 | 11,500,000 | 7,803,672 |
| 2020-24 | 64,810,000 | 30,575,868 |
| 2025-29 | 61,635,000 | 12,614,578 |
| 2030 | 6,405,000 | 796,259 |
| Total | <u>\$ 197,970,000</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, \$1.4 million of defeased bonds are still outstanding.

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|----------------------|---------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable | \$ 235,045,000 | \$ | \$37,075,000 | \$ 197,970,000 | \$ 14,315,000 |
| Premium | 7,463,469 | | 185,931 | 7,277,538 | |
| Total bonds payable | <u>242,508,469</u> | | <u>37,260,931</u> | <u>205,247,538</u> | <u>14,315,000</u> |
| Obligations under capital leases | 14,555,055 | 19,425,678 | 10,164,231 | 23,816,502 | 7,136,987 |
| Compensated absences payable | 16,630,954 | 5,032,894 | 5,457,161 | 16,206,687 | 2,777,682 |
| Governmental activity long-term liabilities | <u>\$ 273,694,478</u> | <u>\$ 24,458,572</u> | <u>\$52,882,323</u> | <u>\$ 245,270,727</u> | <u>\$ 24,229,669</u> |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

| | Classroom Site Fund | Non-Major Governmental Funds | Total Due to Other Funds |
|----------------------------------|---------------------------|------------------------------------|--------------------------------|
| General Fund | \$ 7,814,640 | \$ | \$ 7,814,640 |
| Title I Grants Fund | 2,261,032 | 3,177,929 | 5,438,961 |
| Unrestricted Capital Outlay Fund | | 3,682,625 | 3,682,625 |
| Non-Major Governmental Funds | | 3,852,075 | 3,852,075 |
| Total Due from Other Funds | <u>\$ 10,075,672</u> | <u>\$ 10,712,629</u> | <u>\$ 20,788,301</u> |

At year end, the General Fund, Title Grants Fund, Unrestricted Capital Outlay 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 in | | |
|------------------------------|---------------------|--|--------------------|
| | General Fund | Unrestricted Capital Outlay Fund | Total |
| Transfers out | | | |
| General Fund | \$ | \$ 4,352,720 | \$4,352,720 |
| Title I Grants Fund | 1,138,406 | | 1,138,406 |
| Non-Major Governmental Funds | 1,285,932 | | 1,285,932 |
| Total | <u>\$ 2,424,338</u> | <u>\$ 4,352,720</u> | <u>\$6,777,058</u> |

Transfers between funds were used to (1) close the Soft Capital Allocation Fund to the Unrestricted Capital Outlay Fund and (2) to move Federal grant funds restricted for indirect costs.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 – RISK MANAGEMENT (Concl'd)

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> | | | | |
| 2013-14 | \$ 7,271,763 | \$ 2,084,037 | \$ 2,330,883 | \$ 7,024,917 |
| 2012-13 | 6,780,178 | 3,343,287 | 2,851,702 | 7,271,763 |
| <u>Employee Benefits</u> | | | | |
| 2013-14 | 4,623,085 | 22,004,755 | 23,053,884 | 3,573,956 |
| 2012-13 | 4,024,571 | 26,702,291 | 26,103,777 | 4,623,085 |
| <u>Total</u> | | | | |
| 2013-14 | 11,894,848 | 24,088,792 | 25,384,767 | 10,598,873 |
| 2012-13 | 10,804,749 | 30,045,578 | 28,955,479 | 11,894,848 |

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, 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.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

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.

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 11.54 percent (11.30 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 11.54 percent (10.70 percent for retirement, 0.60 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: | | | |
| 2014 | \$24,171,971 | \$ 1,355,438 | \$ 542,175 |
| 2013 | 25,519,011 | 1,618,279 | 597,518 |
| 2012 | 24,755,676 | 1,580,150 | 601,962 |

NOTE 15 – SUBSEQUENT EVENTS

In July 2014, the District acquired Energy Savings Equipment under the provisions of a long-term lease agreement classified as a capital leases. The total present value of the minimum lease payments of \$29.5 million is payable over the next 15 years. Revenues from the Unrestricted Capital Outlay Fund, a major governmental fund, will be used to pay the capital lease obligations.

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**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, 2014

| | Budgeted Amounts | | Non-GAAP Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Other local | \$ | \$ | \$ 14,156,365 | \$ 14,156,365 |
| Property taxes | | | 150,132,465 | 150,132,465 |
| State aid and grants | | | 130,860,704 | 130,860,704 |
| Total revenues | | | <u>295,149,534</u> | <u>295,149,534</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 158,106,698 | 146,970,987 | 140,730,862 | 6,240,125 |
| Support services - students and staff | 53,153,206 | 53,578,945 | 47,278,871 | 6,300,074 |
| Support services - administration | 35,339,257 | 35,234,048 | 35,781,727 | (547,679) |
| Operation and maintenance of plant services | 43,155,134 | 46,198,416 | 48,361,152 | (2,162,736) |
| Student transportation services | 15,899,699 | 22,171,521 | 22,316,587 | (145,066) |
| Operation of non-instructional services | 453,266 | 470,130 | 453,266 | 16,864 |
| Total expenditures | <u>306,107,260</u> | <u>304,624,047</u> | <u>294,922,465</u> | <u>9,701,582</u> |
| Changes in fund balances | <u>(306,107,260)</u> | <u>(304,624,047)</u> | 227,069 | 304,851,116 |
| Fund balances, beginning of year | | | 15,716,051 | 15,716,051 |
| Increase (decrease) in reserve for inventory | | | 47,024 | 47,024 |
| Fund balances (deficits), end of year | <u>\$ (306,107,260)</u> | <u>\$ (304,624,047)</u> | <u>\$ 15,990,144</u> | <u>\$ 320,614,191</u> |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Other local | \$ | \$ | \$ 44,976 | \$ 44,976 |
| State aid and grants | | | 18,289,293 | 18,289,293 |
| Total revenues | | | <u>18,334,269</u> | <u>18,334,269</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 19,548,464 | 23,947,294 | 12,366,326 | 11,580,968 |
| Support services - students and staff | 2,216,291 | 660,544 | 533,645 | 126,899 |
| Total expenditures | <u>21,764,755</u> | <u>24,607,838</u> | <u>12,899,971</u> | <u>11,707,867</u> |
| Changes in fund balances | <u>(21,764,755)</u> | <u>(24,607,838)</u> | <u>5,434,298</u> | <u>30,042,136</u> |
| Fund balances, beginning of year | | | 6,261,991 | 6,261,991 |
| Fund balances (deficits), end of year | <u>\$ (21,764,755)</u> | <u>\$ (24,607,838)</u> | <u>\$ 11,696,289</u> | <u>\$ 36,304,127</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
TITLE I GRANTS
YEAR ENDED JUNE 30, 2014**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| Revenues: | | | | |
| Federal aid, grants and reimbursements | \$ | \$ | \$ 25,844,643 | \$ 25,844,643 |
| Total revenues | | | <u>25,844,643</u> | <u>25,844,643</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 11,686,748 | 14,686,748 | 13,023,457 | 1,663,291 |
| Support services - students and staff | 7,254,015 | 7,254,015 | 6,432,490 | 821,525 |
| Support services - administration | 2,177,868 | 2,177,868 | 1,931,222 | 246,646 |
| Operation and maintenance of plant services | 305,686 | 305,686 | 271,067 | 34,619 |
| Student transportation services | 17,022 | 17,022 | 15,094 | 1,928 |
| Capital outlay | 3,420,255 | 3,420,255 | 3,032,907 | 387,348 |
| Total expenditures | <u>24,861,594</u> | <u>27,861,594</u> | <u>24,706,237</u> | <u>3,155,357</u> |
| Excess (deficiency) of revenues over expenditures | <u>(24,861,594)</u> | <u>(27,861,594)</u> | <u>1,138,406</u> | <u>29,000,000</u> |
| Other financing sources (uses): | | | | |
| Transfers out | (1,138,406) | (1,138,406) | (1,138,406) | |
| Total other financing sources (uses): | <u>(1,138,406)</u> | <u>(1,138,406)</u> | <u>(1,138,406)</u> | |
| Changes in fund balances | <u>(26,000,000)</u> | <u>(29,000,000)</u> | | <u>29,000,000</u> |
| Fund balances, beginning of year | | | | |
| Fund balances (deficits), end of year | <u>\$ (26,000,000)</u> | <u>\$ (29,000,000)</u> | <u>\$</u> | <u>\$ 29,000,000</u> |

See accompanying notes to this schedule.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America except certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.

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

| | <u>Total</u> <u>Expenditures</u> | <u>Fund Balances</u> <u>End of Year</u> |
|---|-------------------------------------|--|
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | \$ 300,229,836 | \$ 31,941,542 |
| Activity budgeted as special revenue funds | <u>(5,307,371)</u> | <u>(15,951,398)</u> |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | <u>\$ 294,922,465</u> | <u>\$ 15,990,144</u> |

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

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GOVERNMENTAL FUNDS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2014

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total Non-Major Governmental Fund</u> |
|--|---------------------------------|--------------------------------|--|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 9,117,295 | \$ 735,831 | \$ 9,853,126 |
| Property taxes receivable | | 24,924 | 24,924 |
| Accounts receivable | 230,442 | | 230,442 |
| Due from governmental entities | 6,499,053 | | 6,499,053 |
| Due from other funds | 8,793,429 | 1,919,200 | 10,712,629 |
| Inventory | 928,999 | | 928,999 |
| Total assets | <u><u>\$ 25,569,218</u></u> | <u><u>\$ 2,679,955</u></u> | <u><u>\$ 28,249,173</u></u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,110,893 | \$ 64,776 | \$ 1,175,669 |
| Due to governmental entities | | 19,110 | 19,110 |
| Due to other funds | 3,091,165 | 760,910 | 3,852,075 |
| Accrued payroll and employee benefits | 2,146,920 | | 2,146,920 |
| Unearned revenues | 303,294 | | 303,294 |
| Total liabilities | <u><u>6,652,272</u></u> | <u><u>844,796</u></u> | <u><u>7,497,068</u></u> |
| Deferred inflows of resources: | | | |
| Unavailable revenues - property taxes | | <u><u>18,718</u></u> | <u><u>18,718</u></u> |
| Fund balances (deficits): | | | |
| Nonspendable | 928,999 | | 928,999 |
| Restricted | 17,987,947 | 957,446 | 18,945,393 |
| Committed | | 910,868 | 910,868 |
| Unassigned | | (51,873) | (51,873) |
| Total fund balances | <u><u>18,916,946</u></u> | <u><u>1,816,441</u></u> | <u><u>20,733,387</u></u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 25,569,218</u></u> | <u><u>\$ 2,679,955</u></u> | <u><u>\$ 28,249,173</u></u> |

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, 2014

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total Non-Major Governmental Funds</u> |
|--|------------------------|-------------------------|---|
| Revenues: | | | |
| Other local | \$ 11,225,404 | \$ 177,367 | \$ 11,402,771 |
| Property taxes | | 788,062 | 788,062 |
| State aid and grants | 2,985,980 | | 2,985,980 |
| Federal aid, grants and reimbursements | 39,461,551 | | 39,461,551 |
| Total revenues | <u>53,672,935</u> | <u>965,429</u> | <u>54,638,364</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 15,103,598 | | 15,103,598 |
| Support services - students and staff | 7,600,869 | | 7,600,869 |
| Support services - administration | 871,994 | 10,601 | 882,595 |
| Operation and maintenance of plant services | 278,242 | | 278,242 |
| Student transportation services | 264,978 | | 264,978 |
| Operation of non-instructional services | 21,992,556 | | 21,992,556 |
| Capital outlay | 877,938 | 12,328,845 | 13,206,783 |
| Debt service - | | | |
| Principal retirement | 3,390,318 | | 3,390,318 |
| Total expenditures | <u>50,380,493</u> | <u>12,339,446</u> | <u>62,719,939</u> |
| Excess (deficiency) of revenues over expenditures | <u>3,292,442</u> | <u>(11,374,017)</u> | <u>(8,081,575)</u> |
| Other financing sources (uses): | | | |
| Transfers out | (1,285,932) | | (1,285,932) |
| Total other financing sources (uses): | <u>(1,285,932)</u> | | <u>(1,285,932)</u> |
| Changes in fund balances | <u>2,006,510</u> | <u>(11,374,017)</u> | <u>(9,367,507)</u> |
| Fund balances, beginning of year | 16,596,896 | 13,190,458 | 29,787,354 |
| Increase (decrease) in reserve for inventory | 313,540 | | 313,540 |
| Fund balances, end of year | <u>\$ 18,916,946</u> | <u>\$ 1,816,441</u> | <u>\$ 20,733,387</u> |

SPECIAL REVENUE FUNDS

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.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

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.

Advertisement - to account for monies received from the sale of advertising.

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.

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

| | <u>Instructional Improvement</u> | <u>County, City, and Town Grants</u> | <u>Structured English Immersion</u> |
|---|--------------------------------------|--|---|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ 99,645 | \$ 1 |
| Accounts receivable | | | |
| Due from governmental entities | 854,455 | | |
| Due from other funds | | | |
| Inventory | | | |
| Total assets | <u>\$ 854,455</u> | <u>\$ 99,645</u> | <u>\$ 1</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ | \$ 33,151 | \$ |
| Due to other funds | 261,585 | | |
| Accrued payroll and employee benefits | 162,157 | | |
| Unearned revenues | | | 1 |
| Total liabilities | <u>423,742</u> | <u>33,151</u> | <u>1</u> |
| Fund balances: | | | |
| Nonspendable | | | |
| Restricted | <u>430,713</u> | <u>66,494</u> | |
| Total fund balances | <u>430,713</u> | <u>66,494</u> | |
| Total liabilities and fund balances | <u>\$ 854,455</u> | <u>\$ 99,645</u> | <u>\$ 1</u> |

| <u>Professional Development and Technology Grants</u> | <u>Title IV Grants</u> | <u>Promote Informed Parent Choice</u> | <u>Limited English & Immigrant Students</u> | <u>Indian Education</u> | <u>Special Education Grants</u> |
|---|------------------------|---|---|-----------------------------|---|
| \$ | \$ | \$ | \$ | \$ | \$ |
| 569,761 | 822,291 | 37,092 | 140,332 | 209,179 | 1,305,558 |
| <u>\$ 569,761</u> | <u>\$ 822,291</u> | <u>\$ 37,092</u> | <u>\$ 140,332</u> | <u>\$ 209,179</u> | <u>\$ 1,305,558</u> |
| \$ 60,173 | \$ | \$ | \$ | \$ 8,489 | \$ 37,574 |
| 361,367 | 451,633 | 28,145 | 65,094 | 165,949 | 796,200 |
| 148,221 | 370,658 | 8,947 | 75,238 | 34,741 | 471,784 |
| <u>569,761</u> | <u>822,291</u> | <u>37,092</u> | <u>140,332</u> | <u>209,179</u> | <u>1,305,558</u> |
| <u>\$ 569,761</u> | <u>\$ 822,291</u> | <u>\$ 37,092</u> | <u>\$ 140,332</u> | <u>\$ 209,179</u> | <u>\$ 1,305,558</u> |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

| | <u>Johnson O'Malley</u> | <u>Vocational Education</u> | <u>Homeless Education</u> |
|---|-----------------------------|---------------------------------|-------------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 1,677 | \$ | \$ 9 |
| Accounts receivable | | | |
| Due from governmental entities | | 353,927 | |
| Due from other funds | | | |
| Inventory | | | |
| Total assets | <u>\$ 1,677</u> | <u>\$ 353,927</u> | <u>\$ 9</u> |
| | | | |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ | \$ 28,387 | \$ |
| Due to other funds | | 265,444 | |
| Accrued payroll and employee benefits | | 60,096 | |
| Unearned revenues | 1,677 | | 9 |
| Total liabilities | <u>1,677</u> | <u>353,927</u> | <u>9</u> |
| | | | |
| Fund balances: | | | |
| Nonspendable | | | |
| Restricted | | | |
| Total fund balances | | | |
| | | | |
| Total liabilities and fund balances | <u>\$ 1,677</u> | <u>\$ 353,927</u> | <u>\$ 9</u> |

| <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> |
|---------------------|-----------------------------------|---------------------------------------|---|---|---------------------------------|
| \$ 1,888,364 | \$ | \$ 58,882 | \$ 233,130 | \$ 9,402 | \$ 36,898 |
| 1,065,573 | 600,148 | | | | |
| <u>\$ 2,953,937</u> | <u>\$ 600,148</u> | <u>\$ 58,882</u> | <u>\$ 233,130</u> | <u>\$ 9,402</u> | <u>\$ 36,898</u> |
| \$ | \$ 12,523 | \$ | \$ 12,916 | \$ | \$ 6,500 |
| | 549,711 | | | | |
| | 37,914 | 6,580 | | | 10,709 |
| | | 52,302 | 220,214 | 9,402 | 19,689 |
| | <u>600,148</u> | <u>58,882</u> | <u>233,130</u> | <u>9,402</u> | <u>36,898</u> |
| <u>2,953,937</u> | | | | | |
| <u>2,953,937</u> | | | | | |
| <u>\$ 2,953,937</u> | <u>\$ 600,148</u> | <u>\$ 58,882</u> | <u>\$ 233,130</u> | <u>\$ 9,402</u> | <u>\$ 36,898</u> |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

| | <u>Food Service</u> | <u>Civic Center</u> | <u>Community School</u> |
|---|----------------------------|----------------------------|-----------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ | \$ |
| Accounts receivable | | 88,758 | 41,961 |
| Due from governmental entities | 540,737 | | |
| Due from other funds | 3,681,870 | 3,275,211 | 1,178,065 |
| Inventory | 928,999 | | |
| Total assets | <u><u>\$ 5,151,606</u></u> | <u><u>\$ 3,363,969</u></u> | <u><u>\$ 1,220,026</u></u> |
| | | | |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 92,964 | \$ 25,604 | \$ 183,966 |
| Due to other funds | | | |
| Accrued payroll and employee benefits | 346,504 | 9,774 | 295,948 |
| Unearned revenues | | | |
| Total liabilities | <u>439,468</u> | <u>35,378</u> | <u>479,914</u> |
| | | | |
| Fund balances: | | | |
| Nonspendable | 928,999 | | |
| Restricted | 3,783,139 | 3,328,591 | 740,112 |
| Total fund balances | <u>4,712,138</u> | <u>3,328,591</u> | <u>740,112</u> |
| | | | |
| Total liabilities and fund balances | <u><u>\$ 5,151,606</u></u> | <u><u>\$ 3,363,969</u></u> | <u><u>\$ 1,220,026</u></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> |
|---|---|--------------------------|----------------------------------|------------------------------|--------------------------------------|
| \$ 6,314,458 | \$ 1,959 | \$ 467 | \$ 201,525 | \$ 99,723 | \$ 270,878 |
| | | | | | 658,283 |
| <u>\$ 6,314,458</u> | <u>\$ 1,959</u> | <u>\$ 467</u> | <u>\$ 201,525</u> | <u>\$ 99,723</u> | <u>\$ 929,161</u> |
| \$ 504,539 60,381 11,382 | \$ | \$ | \$ | \$ 85,656 11,384 | \$ 104,107 84,883 |
| <u>576,302</u> | | | | <u>97,040</u> | <u>188,990</u> |
| <u>5,738,156</u> <u>5,738,156</u> | <u>1,959</u> <u>1,959</u> | <u>467</u> <u>467</u> | <u>201,525</u> <u>201,525</u> | <u>2,683</u> <u>2,683</u> | <u>740,171</u> <u>740,171</u> |
| <u>\$ 6,314,458</u> | <u>\$ 1,959</u> | <u>\$ 467</u> | <u>\$ 201,525</u> | <u>\$ 99,723</u> | <u>\$ 929,161</u> |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

| | Totals |
|---|--------------------------|
| <u>ASSETS</u> | |
| Cash and investments | \$ 9,117,295 |
| Accounts receivable | 230,442 |
| Due from governmental entities | 6,499,053 |
| Due from other funds | 8,793,429 |
| Inventory | 928,999 |
| Total assets | \$ 25,569,218 |
| <u>LIABILITIES AND FUND BALANCES</u> | |
| Liabilities: | |
| Accounts payable | \$ 1,110,893 |
| Due to other funds | 3,091,165 |
| Accrued payroll and employee benefits | 2,146,920 |
| Unearned revenues | 303,294 |
| Total liabilities | 6,652,272 |
| Fund balances: | |
| Nonspendable | 928,999 |
| Restricted | 17,987,947 |
| Total fund balances | 18,916,946 |
| Total liabilities and fund balances | \$ 25,569,218 |

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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, 2014

| | Instructional Improvement | County, City, and Town Grants | Professional Development and Technology Grants |
|--|------------------------------|-------------------------------------|---|
| Revenues: | | | |
| Other local | \$ 170 | \$ 174,698 | \$ |
| State aid and grants | 1,989,027 | | |
| Federal aid, grants and reimbursements | | | 2,752,897 |
| Total revenues | 1,989,197 | 174,698 | 2,752,897 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 1,897,362 | 105,420 | 66,934 |
| Support services - students and staff | | 4,344 | 2,536,515 |
| Support services - administration | | | 11,572 |
| Operation and maintenance of plant services | | | 1,493 |
| Student transportation services | | 600 | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | 1,897,362 | 110,364 | 2,616,514 |
| Excess (deficiency) of revenues over expenditures | 91,835 | 64,334 | 136,383 |
| Other financing sources (uses): | | | |
| Transfers out | | | (136,383) |
| Total other financing sources (uses): | | | (136,383) |
| Changes in fund balances | 91,835 | 64,334 | |
| Fund balances, beginning of year | 338,878 | 2,160 | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances, end of year | \$ 430,713 | \$ 66,494 | \$ |

| <u>Title IV Grants</u> | <u>Promote Informed Parent Choice</u> | <u>Limited English & Immigrant Students</u> | <u>Indian Education</u> | <u>Special Education Grants</u> | <u>Johnson O'Malley</u> |
|------------------------|---|---|-----------------------------|---|-----------------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |
| <u>2,155,432</u> | <u>548,044</u> | <u>1,022,484</u> | <u>417,079</u> | <u>8,093,749</u> | <u>39,243</u> |
| <u>2,155,432</u> | <u>548,044</u> | <u>1,022,484</u> | <u>417,079</u> | <u>8,093,749</u> | <u>39,243</u> |
| 1,158,559 | 27,414 | 251,742 | 256,049 | 6,780,829 | 36,476 |
| 739,233 | 281,090 | 732,870 | 122,676 | 900,657 | 2,687 |
| 140,713 | 207,881 | 1,804 | 7,859 | 13,774 | |
| 3,053 | 151 | 1,300 | | 112 | |
| 1,210 | | | | | |
| 6,847 | 3,000 | 15,014 | 30,495 | | |
| <u>2,049,615</u> | <u>519,536</u> | <u>1,002,730</u> | <u>417,079</u> | <u>7,695,372</u> | <u>39,163</u> |
| <u>105,817</u> | <u>28,508</u> | <u>19,754</u> | | <u>398,377</u> | <u>80</u> |
| <u>(105,817)</u> | <u>(28,508)</u> | <u>(19,754)</u> | | <u>(398,377)</u> | <u>(80)</u> |
| <u>(105,817)</u> | <u>(28,508)</u> | <u>(19,754)</u> | | <u>(398,377)</u> | <u>(80)</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, 2014

| | Vocational Education | Homeless Education | E-Rate |
|--|-------------------------|-----------------------|---------------------|
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | 1,040,228 | 114,234 | 3,769,359 |
| Total revenues | 1,040,228 | 114,234 | 3,769,359 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 285,157 | 5,003 | |
| Support services - students and staff | 537,898 | 71,420 | |
| Support services - administration | | 32,185 | |
| Operation and maintenance of plant services | | | 107,572 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 173,473 | | |
| Debt service - | | | |
| Principal retirement | | | 3,390,318 |
| Total expenditures | 996,528 | 108,608 | 3,497,890 |
| Excess (deficiency) of revenues over expenditures | 43,700 | 5,626 | 271,469 |
| Other financing sources (uses): | | | |
| Transfers out | (43,700) | (5,626) | |
| Total other financing sources (uses): | (43,700) | (5,626) | |
| Changes in fund balances | | | 271,469 |
| Fund balances, beginning of year | | | 2,682,468 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances, end of year | \$ | \$ | \$ 2,953,937 |

| <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> | <u>Food Service</u> |
|-----------------------------------|---------------------------------------|---|---|---------------------------------|---------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 502,830 | 233,797 | 89,687 | 170,639 | 2,026,206 |
| 1,086,619 | | | | | 18,011,161 |
| <u>1,086,619</u> | <u>502,830</u> | <u>233,797</u> | <u>89,687</u> | <u>170,639</u> | <u>20,037,367</u> |
| 238,375 | 270,515 | 96,438 | 89,687 | 162,217 | |
| 751,265 | 50,090 | 118,666 | | 7,067 | |
| 40,043 | 29,590 | 3,450 | | | |
| | | | | 755 | |
| 1,189 | | | | 600 | |
| | | | | | 19,120,150 |
| 8,060 | 152,635 | 15,243 | | | 45,977 |
| <u>1,038,932</u> | <u>502,830</u> | <u>233,797</u> | <u>89,687</u> | <u>170,639</u> | <u>19,166,127</u> |
| <u>47,687</u> | | | | | <u>871,240</u> |
| <u>(47,687)</u> | | | | | <u>(500,000)</u> |
| <u>(47,687)</u> | | | | | <u>(500,000)</u> |
| | | | | | <u>371,240</u> |
| | | | | | 4,027,358 |
| | | | | | 313,540 |
| <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ 4,712,138</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, 2014

| | <u>Civic Center</u> | <u>Community School</u> | <u>Extracurricular Activities Fees Tax Credit</u> |
|--|---------------------|-----------------------------|---|
| Revenues: | | | |
| Other local | \$ 1,033,299 | \$ 2,219,202 | \$ 2,752,380 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 411,022 | |
| Total revenues | <u>1,033,299</u> | <u>2,630,224</u> | <u>2,752,380</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 58,625 | | 2,013,150 |
| Support services - students and staff | 8,653 | | 102,046 |
| Support services - administration | 195,057 | | |
| Operation and maintenance of plant services | 74,029 | | |
| Student transportation services | 76,450 | | 172,707 |
| Operation of non-instructional services | 132 | 2,872,274 | |
| Capital outlay | 20,279 | 15,819 | 60,790 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>433,225</u> | <u>2,888,093</u> | <u>2,348,693</u> |
| Excess (deficiency) of revenues over expenditures | <u>600,074</u> | <u>(257,869)</u> | <u>403,687</u> |
| Other financing sources (uses): | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>600,074</u> | <u>(257,869)</u> | <u>403,687</u> |
| Fund balances, beginning of year | 2,728,517 | 997,981 | 5,334,469 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances, end of year | <u>\$ 3,328,591</u> | <u>\$ 740,112</u> | <u>\$ 5,738,156</u> |

| Career, Technical and Vocational Education | Fingerprint | Textbooks | Insurance Refund | Joint Technical Education | Totals |
|---|---------------|-------------------|---------------------|------------------------------|----------------------|
| \$ 196 | \$ 17,248 | \$ 22,157 | \$ 148,559 | \$ 2,831,289 | \$ 11,225,404 |
| <u>196</u> | <u>17,248</u> | <u>22,157</u> | <u>148,559</u> | <u>2,831,289</u> | <u>39,461,551</u> |
| | | | | | <u>53,672,935</u> |
| | | 2,305 | 39,705 | 1,261,636 | 15,103,598 |
| | | 6,168 | 170 | 627,354 | 7,600,869 |
| | 17,240 | | 68,346 | 102,480 | 871,994 |
| | | | 42,778 | 46,999 | 278,242 |
| | | | | 12,222 | 264,978 |
| | | | | | 21,992,556 |
| | | | | 330,306 | 877,938 |
| | | | | | <u>3,390,318</u> |
| | <u>17,240</u> | <u>8,473</u> | <u>150,999</u> | <u>2,380,997</u> | <u>50,380,493</u> |
| <u>196</u> | <u>8</u> | <u>13,684</u> | <u>(2,440)</u> | <u>450,292</u> | <u>3,292,442</u> |
| | | | | | <u>(1,285,932)</u> |
| | | | | | <u>(1,285,932)</u> |
| <u>196</u> | <u>8</u> | <u>13,684</u> | <u>(2,440)</u> | <u>450,292</u> | <u>2,006,510</u> |
| 1,763 | 459 | 187,841 | 5,123 | 289,879 | 16,596,896 |
| | | | | | 313,540 |
| <u>\$ 1,959</u> | <u>\$ 467</u> | <u>\$ 201,525</u> | <u>\$ 2,683</u> | <u>\$ 740,171</u> | <u>\$ 18,916,946</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, 2014

| | Instructional Improvement | | Variance - Positive (Negative) |
|--|---------------------------|-------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 170 | \$ 170 |
| State aid and grants | | 1,989,027 | 1,989,027 |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>1,989,197</u> | <u>1,989,197</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 2,500,000 | 1,897,362 | 602,638 |
| Support services - students and staff | | | |
| Support services - administration | | | |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>2,500,000</u> | <u>1,897,362</u> | <u>602,638</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,500,000)</u> | <u>91,835</u> | <u>2,591,835</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(2,500,000)</u> | <u>91,835</u> | <u>2,591,835</u> |
| Fund balances (deficits), beginning of year | | 338,878 | 338,878 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (2,500,000)</u> | <u>\$ 430,713</u> | <u>\$ 2,930,713</u> |

| County, City, and Town Grants | | | Professional Development and Technology Grants | | |
|-------------------------------|------------------|--------------------------------|--|------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 174,698 | \$ 174,698 | \$ | \$ | \$ |
| | | | | 2,752,897 | 2,752,897 |
| | <u>174,698</u> | <u>174,698</u> | | <u>2,752,897</u> | <u>2,752,897</u> |
| 1,910 | 105,420 | (103,510) | 149,999 | 66,934 | 83,065 |
| 79 | 4,344 | (4,265) | 5,684,339 | 2,536,515 | 3,147,824 |
| | | | 25,933 | 11,572 | 14,361 |
| | | | 3,346 | 1,493 | 1,853 |
| 11 | 600 | (589) | | | |
| <u>2,000</u> | <u>110,364</u> | <u>(108,364)</u> | <u>5,863,617</u> | <u>2,616,514</u> | <u>3,247,103</u> |
| <u>(2,000)</u> | <u>64,334</u> | <u>66,334</u> | <u>(5,863,617)</u> | <u>136,383</u> | <u>6,000,000</u> |
| | | | <u>(136,383)</u> | <u>(136,383)</u> | |
| | | | <u>(136,383)</u> | <u>(136,383)</u> | |
| <u>(2,000)</u> | <u>64,334</u> | <u>66,334</u> | <u>(6,000,000)</u> | | <u>6,000,000</u> |
| | 2,160 | 2,160 | | | |
| <u>\$ (2,000)</u> | <u>\$ 66,494</u> | <u>\$ 68,494</u> | <u>\$ (6,000,000)</u> | <u>\$</u> | <u>\$ 6,000,000</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, 2014

| | Title IV Grants | | Variance - Positive (Negative) |
|--|-----------------------|------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 2,155,432 | 2,155,432 |
| Total revenues | | <u>2,155,432</u> | <u>2,155,432</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 1,409,855 | 1,158,559 | 251,296 |
| Support services - students and staff | 899,575 | 739,233 | 160,342 |
| Support services - administration | 171,234 | 140,713 | 30,521 |
| Operation and maintenance of plant services | 3,715 | 3,053 | 662 |
| Student transportation services | 1,472 | 1,210 | 262 |
| Operation of non-instructional services | | | |
| Capital outlay | 8,332 | 6,847 | 1,485 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>2,494,183</u> | <u>2,049,615</u> | <u>444,568</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,494,183)</u> | <u>105,817</u> | <u>2,600,000</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | (105,817) | (105,817) | |
| Total other financing sources (uses): | <u>(105,817)</u> | <u>(105,817)</u> | |
| Changes in fund balances | <u>(2,600,000)</u> | | <u>2,600,000</u> |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (2,600,000)</u> | <u>\$</u> | <u>\$ 2,600,000</u> |

| Promote Informed Parent Choice | | | Limited English & Immigrant Students | | |
|--------------------------------|----------|--------------------------------|--------------------------------------|-----------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 548,044 | 548,044 | | 1,022,484 | 1,022,484 |
| | 548,044 | 548,044 | | 1,022,484 | 1,022,484 |
| 109,305 | 27,414 | 81,891 | 321,414 | 251,742 | 69,672 |
| 1,120,761 | 281,090 | 839,671 | 935,700 | 732,870 | 202,830 |
| 828,862 | 207,881 | 620,981 | 2,303 | 1,804 | 499 |
| 602 | 151 | 451 | 1,660 | 1,300 | 360 |
| 11,962 | 3,000 | 8,962 | 19,169 | 15,014 | 4,155 |
| 2,071,492 | 519,536 | 1,551,956 | 1,280,246 | 1,002,730 | 277,516 |
| (2,071,492) | 28,508 | 2,100,000 | (1,280,246) | 19,754 | 1,300,000 |
| (28,508) | (28,508) | | (19,754) | (19,754) | |
| (28,508) | (28,508) | | (19,754) | (19,754) | |
| (2,100,000) | | 2,100,000 | (1,300,000) | | 1,300,000 |
| \$ (2,100,000) | \$ | \$ 2,100,000 | \$ (1,300,000) | \$ | \$ 1,300,000 |

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, 2014

| | Indian Education | | Variance - Positive (Negative) |
|--|---------------------|----------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 417,079 | 417,079 |
| Total revenues | | <u>417,079</u> | <u>417,079</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 248,634 | 256,049 | (7,415) |
| Support services - students and staff | 119,123 | 122,676 | (3,553) |
| Support services - administration | 7,631 | 7,859 | (228) |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 29,612 | 30,495 | (883) |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>405,000</u> | <u>417,079</u> | <u>(12,079)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(405,000)</u> | | <u>405,000</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(405,000)</u> | | <u>405,000</u> |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (405,000)</u> | <u>\$</u> | <u>\$ 405,000</u> |

| Special Education Grants | | | Johnson O'Malley | | |
|--------------------------|------------------|--------------------------------|--------------------|---------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 8,093,749 | 8,093,749 | | 39,243 | 39,243 |
| | 8,093,749 | 8,093,749 | | 39,243 | 39,243 |
| 8,504,593 | 6,780,829 | 1,723,764 | 60,466 | 36,476 | 23,990 |
| 1,129,614 | 900,657 | 228,957 | 4,454 | 2,687 | 1,767 |
| 17,276 | 13,774 | 3,502 | | | |
| 140 | 112 | 28 | | | |
| <u>9,651,623</u> | <u>7,695,372</u> | <u>1,956,251</u> | <u>64,920</u> | <u>39,163</u> | <u>25,757</u> |
| <u>(9,651,623)</u> | <u>398,377</u> | <u>10,050,000</u> | <u>(64,920)</u> | <u>80</u> | <u>65,000</u> |
| <u>(398,377)</u> | <u>(398,377)</u> | | <u>(80)</u> | <u>(80)</u> | |
| <u>(398,377)</u> | <u>(398,377)</u> | | <u>(80)</u> | <u>(80)</u> | |
| <u>(10,050,000)</u> | | <u>10,050,000</u> | <u>(65,000)</u> | | <u>65,000</u> |
| <u>\$ (10,050,000)</u> | <u>\$</u> | <u>\$ 10,050,000</u> | <u>\$ (65,000)</u> | <u>\$</u> | <u>\$ 65,000</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, 2014

| | Vocational Education | | Variance - Positive (Negative) |
|--|-----------------------|------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 1,040,228 | 1,040,228 |
| Total revenues | | <u>1,040,228</u> | <u>1,040,228</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 333,737 | 285,157 | 48,580 |
| Support services - students and staff | 629,537 | 537,898 | 91,639 |
| Support services - administration | | | |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 203,026 | 173,473 | 29,553 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>1,166,300</u> | <u>996,528</u> | <u>169,772</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,166,300)</u> | <u>43,700</u> | <u>1,210,000</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | (43,700) | (43,700) | |
| Total other financing sources (uses): | <u>(43,700)</u> | <u>(43,700)</u> | |
| Changes in fund balances | <u>(1,210,000)</u> | | <u>1,210,000</u> |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (1,210,000)</u> | <u>\$</u> | <u>\$ 1,210,000</u> |

| Homeless Education | | | Medicaid Reimbursement | | |
|---------------------|----------------|--------------------------------|------------------------|---------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 114,234 | 114,234 | | 2,402,319 | 2,402,319 |
| | 114,234 | 114,234 | | 2,402,319 | 2,402,319 |
| 5,729 | 5,003 | 726 | | | |
| 81,788 | 71,420 | 10,368 | | | |
| 36,857 | 32,185 | 4,672 | 1,300,000 | 92,429 | 1,207,571 |
| <u>124,374</u> | <u>108,608</u> | <u>15,766</u> | <u>1,300,000</u> | <u>92,429</u> | <u>1,207,571</u> |
| <u>(124,374)</u> | <u>5,626</u> | <u>130,000</u> | <u>(1,300,000)</u> | <u>2,309,890</u> | <u>3,609,890</u> |
| <u>(5,626)</u> | <u>(5,626)</u> | | | | |
| <u>(5,626)</u> | <u>(5,626)</u> | | | | |
| <u>(130,000)</u> | | <u>130,000</u> | <u>(1,300,000)</u> | <u>2,309,890</u> | <u>3,609,890</u> |
| | | | | 990,200 | 990,200 |
| <u>\$ (130,000)</u> | <u>\$</u> | <u>\$ 130,000</u> | <u>\$ (1,300,000)</u> | <u>\$ 3,300,090</u> | <u>\$ 4,600,090</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, 2014

| | E-Rate | | Variance - Positive (Negative) |
|--|-----------------------|---------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 3,769,359 | 3,769,359 |
| Total revenues | | <u>3,769,359</u> | <u>3,769,359</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | | | |
| Support services - students and staff | | | |
| Support services - administration | | | |
| Operation and maintenance of plant services | 246,027 | 107,572 | 138,455 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | 7,753,973 | 3,390,318 | 4,363,655 |
| Total expenditures | <u>8,000,000</u> | <u>3,497,890</u> | <u>4,502,110</u> |
| Excess (deficiency) of revenues over expenditures | <u>(8,000,000)</u> | <u>271,469</u> | <u>8,271,469</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(8,000,000)</u> | <u>271,469</u> | <u>8,271,469</u> |
| Fund balances (deficits), beginning of year | | 2,682,468 | 2,682,468 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (8,000,000)</u> | <u>\$ 2,953,937</u> | <u>\$ 10,953,937</u> |

| Impact Aid | | | Other Federal Projects | | |
|-----------------------|-------------------|--------------------------------|------------------------|------------------|--------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 676,045 | 676,045 | | 1,086,619 | 1,086,619 |
| | 676,045 | 676,045 | | 1,086,619 | 1,086,619 |
| 464,513 | 209,281 | 255,232 | 344,694 | 238,375 | 106,319 |
| 553,514 | 249,380 | 304,134 | 1,086,342 | 751,265 | 335,077 |
| 37,176 | 16,749 | 20,427 | 57,903 | 40,043 | 17,860 |
| 61,136 | 27,544 | 33,592 | | | |
| | | | 1,719 | 1,189 | 530 |
| 7,245 | 3,264 | 3,981 | 11,655 | 8,060 | 3,595 |
| <u>1,123,584</u> | <u>506,218</u> | <u>617,366</u> | <u>1,502,313</u> | <u>1,038,932</u> | <u>463,381</u> |
| <u>(1,123,584)</u> | <u>169,827</u> | <u>1,293,411</u> | <u>(1,502,313)</u> | <u>47,687</u> | <u>1,550,000</u> |
| | | | <u>(47,687)</u> | <u>(47,687)</u> | |
| | | | <u>(47,687)</u> | <u>(47,687)</u> | |
| <u>(1,123,584)</u> | <u>169,827</u> | <u>1,293,411</u> | <u>(1,550,000)</u> | | <u>1,550,000</u> |
| | 245,636 | 245,636 | | | |
| <u>\$ (1,123,584)</u> | <u>\$ 415,463</u> | <u>\$ 1,539,047</u> | <u>\$ (1,550,000)</u> | <u>\$</u> | <u>\$ 1,550,000</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, 2014

| | State Vocational Education | | |
|--|----------------------------|----------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | 502,830 | 502,830 |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>502,830</u> | <u>502,830</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 322,791 | 270,515 | 52,276 |
| Support services - students and staff | 59,770 | 50,090 | 9,680 |
| Support services - administration | 35,308 | 29,590 | 5,718 |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 182,131 | 152,635 | 29,496 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>600,000</u> | <u>502,830</u> | <u>97,170</u> |
| Excess (deficiency) of revenues over expenditures | <u>(600,000)</u> | | <u>600,000</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(600,000)</u> | | <u>600,000</u> |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (600,000)</u> | <u>\$</u> | <u>\$ 600,000</u> |

| Chemical Abuse Prevention Programs | | | Failing Schools Tutoring Grant | | |
|------------------------------------|----------------|--------------------------------|--------------------------------|---------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 233,797 | \$ 233,797 | \$ | \$ 89,687 | \$ 89,687 |
| | <u>233,797</u> | <u>233,797</u> | | <u>89,687</u> | <u>89,687</u> |
| 127,871 | 96,438 | 31,433 | | 89,687 | (89,687) |
| 157,344 | 118,666 | 38,678 | | | |
| 4,574 | 3,450 | 1,124 | | | |
| 20,211 | 15,243 | 4,968 | | | |
| <u>310,000</u> | <u>233,797</u> | <u>76,203</u> | | <u>89,687</u> | <u>(89,687)</u> |
| <u>(310,000)</u> | | <u>310,000</u> | | | |
| | | | | | |
| | | | | | |
| <u>(310,000)</u> | | <u>310,000</u> | | | |
| | | | | | |
| <u>\$ (310,000)</u> | <u>\$</u> | <u>\$ 310,000</u> | <u>\$</u> | <u>\$</u> | <u>\$</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, 2014

| | Other State Projects | | Variance - Positive (Negative) |
|--|----------------------|----------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | 170,639 | 170,639 |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>170,639</u> | <u>170,639</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 190,129 | 162,217 | 27,912 |
| Support services - students and staff | 8,283 | 7,067 | 1,216 |
| Support services - administration | | | |
| Operation and maintenance of plant services | 885 | 755 | 130 |
| Student transportation services | 703 | 600 | 103 |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>200,000</u> | <u>170,639</u> | <u>29,361</u> |
| Excess (deficiency) of revenues over expenditures | <u>(200,000)</u> | | <u>200,000</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(200,000)</u> | | <u>200,000</u> |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (200,000)</u> | <u>\$</u> | <u>\$ 200,000</u> |

| Food Service | | | Civic Center | | |
|-----------------|--------------|--------------------------------|----------------|--------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 2,026,206 | \$ 2,026,206 | \$ | \$ 1,033,299 | \$ 1,033,299 |
| | 18,011,161 | 18,011,161 | | | |
| | 20,037,367 | 20,037,367 | | 1,033,299 | 1,033,299 |
| | | | 473,628 | 58,625 | 415,003 |
| | | | 69,907 | 8,653 | 61,254 |
| | | | 1,575,855 | 195,057 | 1,380,798 |
| | | | 598,076 | 74,029 | 524,047 |
| | | | 617,635 | 76,450 | 541,185 |
| 22,446,025 | 19,120,150 | 3,325,875 | 1,066 | 132 | 934 |
| 53,975 | 45,977 | 7,998 | 163,833 | 20,279 | 143,554 |
| 22,500,000 | 19,166,127 | 3,333,873 | 3,500,000 | 433,225 | 3,066,775 |
| (22,500,000) | 871,240 | 23,371,240 | (3,500,000) | 600,074 | 4,100,074 |
| (500,000) | (500,000) | | | | |
| (500,000) | (500,000) | | | | |
| (23,000,000) | 371,240 | 23,371,240 | (3,500,000) | 600,074 | 4,100,074 |
| | 4,027,358 | 4,027,358 | | 2,728,517 | 2,728,517 |
| | 313,540 | 313,540 | | | |
| \$ (23,000,000) | \$ 4,712,138 | \$ 27,712,138 | \$ (3,500,000) | \$ 3,328,591 | \$ 6,828,591 |

(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, 2014

| | Community School | | Variance - Positive (Negative) |
|--|-----------------------|-------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 2,219,202 | \$ 2,219,202 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 411,022 | 411,022 |
| Total revenues | | <u>2,630,224</u> | <u>2,630,224</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | | | |
| Support services - students and staff | | | |
| Support services - administration | | | |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | 3,480,829 | 2,872,274 | 608,555 |
| Capital outlay | 19,171 | 15,819 | 3,352 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>3,500,000</u> | <u>2,888,093</u> | <u>611,907</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,500,000)</u> | <u>(257,869)</u> | <u>3,242,131</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(3,500,000)</u> | <u>(257,869)</u> | <u>3,242,131</u> |
| Fund balances (deficits), beginning of year | | 997,981 | 997,981 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (3,500,000)</u> | <u>\$ 740,112</u> | <u>\$ 4,240,112</u> |

| Auxiliary Operations | | | Extracurricular Activities Fees Tax Credit | | |
|-----------------------|---------------------|--------------------------------|--|---------------------|--------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 1,392,299 | \$ 1,392,299 | \$ | \$ 2,752,380 | \$ 2,752,380 |
| | <u>1,392,299</u> | <u>1,392,299</u> | | <u>2,752,380</u> | <u>2,752,380</u> |
| 740,143 | 344,829 | 395,314 | 7,285,658 | 2,013,150 | 5,272,508 |
| 428,057 | 199,430 | 228,627 | 369,308 | 102,046 | 267,262 |
| 152,377 | 70,992 | 81,385 | | | |
| 60,788 | 28,321 | 32,467 | | | |
| 6,905 | 3,217 | 3,688 | 625,033 | 172,707 | 452,326 |
| 266,190 | 124,017 | 142,173 | | | |
| 45,540 | 21,217 | 24,323 | 220,001 | 60,790 | 159,211 |
| <u>1,700,000</u> | <u>792,023</u> | <u>907,977</u> | <u>8,500,000</u> | <u>2,348,693</u> | <u>6,151,307</u> |
| <u>(1,700,000)</u> | <u>600,276</u> | <u>2,300,276</u> | <u>(8,500,000)</u> | <u>403,687</u> | <u>8,903,687</u> |
| | | | | | |
| | | | | | |
| <u>(1,700,000)</u> | <u>600,276</u> | <u>2,300,276</u> | <u>(8,500,000)</u> | <u>403,687</u> | <u>8,903,687</u> |
| | 918,932 | 918,932 | | 5,334,469 | 5,334,469 |
| <u>\$ (1,700,000)</u> | <u>\$ 1,519,208</u> | <u>\$ 3,219,208</u> | <u>\$ (8,500,000)</u> | <u>\$ 5,738,156</u> | <u>\$ 14,238,156</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, 2014

| | Gifts and Donations | | Variance - Positive (Negative) |
|--|-----------------------|---------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 766,240 | \$ 766,240 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>766,240</u> | <u>766,240</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 1,239,507 | 326,865 | 912,642 |
| Support services - students and staff | 1,074,205 | 283,274 | 790,931 |
| Support services - administration | 100,055 | 26,385 | 73,670 |
| Operation and maintenance of plant services | 173,254 | 45,688 | 127,566 |
| Student transportation services | 99,808 | 26,320 | 73,488 |
| Operation of non-instructional services | | | |
| Capital outlay | 313,171 | 82,585 | 230,586 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>3,000,000</u> | <u>791,117</u> | <u>2,208,883</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,000,000)</u> | <u>(24,877)</u> | <u>2,975,123</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(3,000,000)</u> | <u>(24,877)</u> | <u>2,975,123</u> |
| Fund balances (deficits), beginning of year | | 1,952,576 | 1,952,576 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (3,000,000)</u> | <u>\$ 1,927,699</u> | <u>\$ 4,927,699</u> |

| Career, Technical and Vocational Education | | | Fingerprint | | |
|--|----------|--------------------------------|-------------|-----------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 196 | \$ 196 | \$ | \$ 17,248 | \$ 17,248 |
| | 196 | 196 | | 17,248 | 17,248 |
| 2,500 | | 2,500 | | | |
| | | | 25,000 | 17,240 | 7,760 |
| 2,500 | | 2,500 | 25,000 | 17,240 | 7,760 |
| (2,500) | 196 | 2,696 | (25,000) | 8 | 25,008 |
| | | | | | |
| (2,500) | 196 | 2,696 | (25,000) | 8 | 25,008 |
| | 1,763 | 1,763 | | 459 | 459 |
| \$ (2,500) | \$ 1,959 | \$ 4,459 | \$ (25,000) | \$ 467 | \$ 25,467 |

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, 2014

| | Insurance Proceeds | | Variance - Positive (Negative) |
|--|---------------------|--------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 255,936 | \$ 255,936 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>255,936</u> | <u>255,936</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | | | |
| Support services - students and staff | | | |
| Support services - administration | | | |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 575,000 | 328,314 | 246,686 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>575,000</u> | <u>328,314</u> | <u>246,686</u> |
| Excess (deficiency) of revenues over expenditures | <u>(575,000)</u> | <u>(72,378)</u> | <u>502,622</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(575,000)</u> | <u>(72,378)</u> | <u>502,622</u> |
| Fund balances (deficits), beginning of year | | 333,041 | 333,041 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (575,000)</u> | <u>\$ 260,663</u> | <u>\$ 835,663</u> |

| Textbooks | | | Litigation Recovery | | |
|---------------------|-------------------|--------------------------------|---------------------|---------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ 22,157 | \$ 22,157 | \$ | \$ | \$ |
| | <u>22,157</u> | <u>22,157</u> | | | |
| 54,680 | 2,305 | 52,375 | 10,000 | | 10,000 |
| 146,320 | 6,168 | 140,152 | | | |
| <u>201,000</u> | <u>8,473</u> | <u>192,527</u> | <u>10,000</u> | | <u>10,000</u> |
| <u>(201,000)</u> | <u>13,684</u> | <u>214,684</u> | <u>(10,000)</u> | | <u>10,000</u> |
| | | | | | |
| <u>(201,000)</u> | <u>13,684</u> | <u>214,684</u> | <u>(10,000)</u> | | <u>10,000</u> |
| | 187,841 | 187,841 | | (100,412) | (100,412) |
| <u>\$ (201,000)</u> | <u>\$ 201,525</u> | <u>\$ 402,525</u> | <u>\$ (10,000)</u> | <u>\$ (100,412)</u> | <u>\$ (90,412)</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, 2014

| | Indirect Costs | | Variance - Positive (Negative) |
|--|------------------------|---------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 51,474 | \$ 51,474 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>51,474</u> | <u>51,474</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | | | |
| Support services - students and staff | 1,284,684 | 252,105 | 1,032,579 |
| Support services - administration | 7,358,266 | 1,443,978 | 5,914,288 |
| Operation and maintenance of plant services | 1,102,467 | 216,347 | 886,120 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 254,583 | 49,959 | 204,624 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | <u>10,000,000</u> | <u>1,962,389</u> | <u>8,037,611</u> |
| Excess (deficiency) of revenues over expenditures | <u>(10,000,000)</u> | <u>(1,910,915)</u> | <u>8,089,085</u> |
| Other financing sources (uses): | | | |
| Transfers in | | 2,424,338 | 2,424,338 |
| Transfers out | | | |
| Total other financing sources (uses): | | <u>2,424,338</u> | <u>2,424,338</u> |
| Changes in fund balances | <u>(10,000,000)</u> | <u>513,423</u> | <u>10,513,423</u> |
| Fund balances (deficits), beginning of year | | 7,778,895 | 7,778,895 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (10,000,000)</u> | <u>\$ 8,292,318</u> | <u>\$ 18,292,318</u> |

| Insurance Refund | | | Advertisement | | |
|------------------|-----------------|--------------------------------|---------------------|-----------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ 148,559 | \$ 148,559 | \$ | \$ | \$ |
| | <u>148,559</u> | <u>148,559</u> | | | |
| | 39,705 | (39,705) | 100,000 | | 100,000 |
| | 170 | (170) | | | |
| | 68,346 | (68,346) | | | |
| | 42,778 | (42,778) | | | |
| | <u>150,999</u> | <u>(150,999)</u> | <u>100,000</u> | | <u>100,000</u> |
| | <u>(2,440)</u> | <u>(2,440)</u> | <u>(100,000)</u> | | <u>100,000</u> |
| | | | | | |
| | <u>(2,440)</u> | <u>(2,440)</u> | <u>(100,000)</u> | | <u>100,000</u> |
| | 5,123 | 5,123 | | | |
| | <u>2,683</u> | <u>2,683</u> | <u>(100,000)</u> | | <u>100,000</u> |
| \$ | \$ <u>2,683</u> | \$ <u>2,683</u> | \$ <u>(100,000)</u> | \$ | \$ <u>100,000</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, 2014

| | Joint Technical Education | | |
|--|---------------------------|--------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ 2,831,289 | \$ 2,831,289 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | 2,831,289 | 2,831,289 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 2,649,385 | 1,261,636 | 1,387,749 |
| Support services - students and staff | 1,317,419 | 627,354 | 690,065 |
| Support services - administration | 215,204 | 102,480 | 112,724 |
| Operation and maintenance of plant services | 98,696 | 46,999 | 51,697 |
| Student transportation services | 25,666 | 12,222 | 13,444 |
| Operation of non-instructional services | | | |
| Capital outlay | 693,630 | 330,306 | 363,324 |
| Debt service - | | | |
| Principal retirement | | | |
| Total expenditures | 5,000,000 | 2,380,997 | 2,619,003 |
| Excess (deficiency) of revenues over expenditures | (5,000,000) | 450,292 | 5,450,292 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | (5,000,000) | 450,292 | 5,450,292 |
| Fund balances (deficits), beginning of year | | 289,879 | 289,879 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (5,000,000) | \$ 740,171 | \$ 5,740,171 |

| District Services | | | Intergovernmental Agreements | | |
|-------------------|-----------------|--------------------------------|------------------------------|-----------------|--------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ 751,880 | \$ 751,880 | \$ | \$ 140,430 | \$ 140,430 |
| | <u>751,880</u> | <u>751,880</u> | | <u>140,430</u> | <u>140,430</u> |
| | 666,893 | (666,893) | | 64,976 | (64,976) |
| | 4,914 | (4,914) | | 98,098 | (98,098) |
| | <u>671,807</u> | <u>(671,807)</u> | | <u>163,074</u> | <u>(163,074)</u> |
| | <u>80,073</u> | <u>80,073</u> | | <u>(22,644)</u> | <u>(22,644)</u> |
| | | | | | |
| | <u>80,073</u> | <u>80,073</u> | | <u>(22,644)</u> | <u>(22,644)</u> |
| | 71,971 | 71,971 | | 206,969 | 206,969 |
| | <u>152,044</u> | <u>152,044</u> | | <u>184,325</u> | <u>184,325</u> |
| \$ | \$ 152,044 | \$ 152,044 | \$ | \$ 184,325 | \$ 184,325 |

(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, 2014

| | Totals | | |
|--|------------------------|----------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ 14,583,663 | \$ 14,583,663 |
| State aid and grants | | 2,985,980 | 2,985,980 |
| Federal aid, grants and reimbursements | | 42,539,915 | 42,539,915 |
| Total revenues | | <u>60,109,558</u> | <u>60,109,558</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 27,651,141 | 16,049,549 | 11,601,592 |
| Support services - students and staff | 17,160,123 | 8,683,156 | 8,476,967 |
| Support services - administration | 11,951,814 | 3,189,420 | 8,762,394 |
| Operation and maintenance of plant services | 2,350,792 | 596,142 | 1,754,650 |
| Student transportation services | 1,378,952 | 294,515 | 1,084,437 |
| Operation of non-instructional services | 26,194,110 | 22,116,573 | 4,077,537 |
| Capital outlay | 2,832,247 | 1,368,191 | 1,464,056 |
| Debt service - | | | |
| Principal retirement | 7,753,973 | 3,390,318 | 4,363,655 |
| Total expenditures | <u>97,273,152</u> | <u>55,687,864</u> | <u>41,585,288</u> |
| Excess (deficiency) of revenues over expenditures | <u>(97,273,152)</u> | <u>4,421,694</u> | <u>101,694,846</u> |
| Other financing sources (uses): | | | |
| Transfers in | | 2,424,338 | 2,424,338 |
| Transfers out | (1,285,932) | (1,285,932) | |
| Total other financing sources (uses): | <u>(1,285,932)</u> | <u>1,138,406</u> | <u>2,424,338</u> |
| Changes in fund balances | <u>(98,559,084)</u> | <u>5,560,100</u> | <u>104,119,184</u> |
| Fund balances (deficits), beginning of year | | 28,994,704 | 28,994,704 |
| Increase (decrease) in reserve for inventory | | 313,540 | 313,540 |
| Fund balances (deficits), end of year | <u>\$ (98,559,084)</u> | <u>\$ 34,868,344</u> | <u>\$ 133,427,428</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, 2014**

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|---------------------|---|
| | <u>Original & Final</u> | <u>Actual</u> | <u>(Negative)</u> |
| Revenues: | | | |
| Other local | \$ | \$ 39,196 | \$ 39,196 |
| Property taxes | | 42,303,204 | 42,303,204 |
| Federal aid, grants and reimbursements | | 1,257,444 | 1,257,444 |
| Total revenues | | <u>43,599,844</u> | <u>43,599,844</u> |
| Expenditures: | | | |
| Debt service - | | | |
| Principal retirement | 37,275,085 | 37,075,000 | 200,085 |
| Interest and fiscal charges | 11,124,915 | 11,124,915 | |
| Total expenditures | <u>48,400,000</u> | <u>48,199,915</u> | <u>200,085</u> |
| Changes in fund balances | <u>(48,400,000)</u> | <u>(4,600,071)</u> | <u>43,799,929</u> |
| Fund balances, beginning of year | | 7,446,172 | 7,446,172 |
| Fund balances (deficits), end of year | <u>\$ (48,400,000)</u> | <u>\$ 2,846,101</u> | <u>\$ 51,246,101</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; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Gifts and Donations – Capital - to account for gifts and donations to be expended for capital acquisitions.

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

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, 2014

| | <u>School Plant</u> | <u>Adjacent Ways</u> | <u>Bond Building</u> |
|--|---------------------|----------------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ | \$ 714,372 |
| Property taxes receivable | | 24,924 | |
| Due from other funds | 929,978 | 989,222 | |
| Total assets | <u>\$ 929,978</u> | <u>\$ 1,014,146</u> | <u>\$ 714,372</u> |
| | | | |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ | \$ 59,441 | \$ |
| Due to governmental entities | 19,110 | | |
| Due to other funds | | | 714,372 |
| Total liabilities | <u>19,110</u> | <u>59,441</u> | <u>714,372</u> |
| Deferred inflows of resources: | | | |
| Unavailable revenues - property taxes | | 18,718 | |
| Fund balances (deficits): | | | |
| Restricted | | 935,987 | |
| Committed | 910,868 | | |
| Unassigned | | | |
| Total fund balances | <u>910,868</u> | <u>935,987</u> | |
| | | | |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 929,978</u> | <u>\$ 1,014,146</u> | <u>\$ 714,372</u> |

| <u>Condemnation</u> | <u>Building Renewal Grant</u> | <u>Totals</u> |
|---------------------|-----------------------------------|---------------------|
| \$ 21,459 | \$ | \$ 735,831 |
| | | 24,924 |
| | | <u>1,919,200</u> |
| <u>\$ 21,459</u> | <u>\$</u> | <u>\$ 2,679,955</u> |
| | | |
| \$ | \$ 5,335 | \$ 64,776 |
| | | 19,110 |
| | <u>46,538</u> | <u>760,910</u> |
| | <u>51,873</u> | <u>844,796</u> |
| | | |
| | | <u>18,718</u> |
| | | |
| 21,459 | | 957,446 |
| | | 910,868 |
| | <u>(51,873)</u> | <u>(51,873)</u> |
| <u>21,459</u> | <u>(51,873)</u> | <u>1,816,441</u> |
| | | |
| <u>\$ 21,459</u> | <u>\$</u> | <u>\$ 2,679,955</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, 2014

| | <u>School Plant</u> | <u>Adjacent Ways</u> | <u>Bond Building</u> |
|--|---------------------|----------------------|----------------------|
| Revenues: | | | |
| Other local | \$ 174,086 | \$ 2,311 | \$ 901 |
| Property taxes | | 788,062 | |
| Total revenues | <u>174,086</u> | <u>790,373</u> | <u>901</u> |
| Expenditures: | | | |
| Current - | | | |
| Support services - administration | 10,601 | | |
| Capital outlay | | 392,240 | 11,917,104 |
| Total expenditures | <u>10,601</u> | <u>392,240</u> | <u>11,917,104</u> |
| Changes in fund balances | <u>163,485</u> | <u>398,133</u> | <u>(11,916,203)</u> |
| Fund balances (deficits), beginning of year | 747,383 | 537,854 | 11,916,203 |
| Fund balances (deficits), end of year | <u>\$ 910,868</u> | <u>\$ 935,987</u> | <u>\$</u> |

| <u>Condemnation</u> | <u>Building Renewal Grant</u> | <u>Totals</u> |
|---------------------|-----------------------------------|---------------------|
| \$ 69 | \$ | \$ 177,367 |
| <u>69</u> | <u></u> | <u>788,062</u> |
| | | <u>965,429</u> |
| | | 10,601 |
| | 19,501 | 12,328,845 |
| | <u>19,501</u> | <u>12,339,446</u> |
| <u>69</u> | <u>(19,501)</u> | <u>(11,374,017)</u> |
| 21,390 | (32,372) | 13,190,458 |
| <u>\$ 21,459</u> | <u>\$ (51,873)</u> | <u>\$ 1,816,441</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, 2014

| | School Plant | | Variance - Positive (Negative) |
|--|---------------------|-------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 174,086 | \$ 174,086 |
| Property taxes | | | |
| State aid and grants | | | |
| Total revenues | | <u>174,086</u> | <u>174,086</u> |
| Expenditures: | | | |
| Current - | | | |
| Support services - administration | 777,000 | 10,601 | 766,399 |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>777,000</u> | <u>10,601</u> | <u>766,399</u> |
| Excess (deficiency) of revenues over expenditures | <u>(777,000)</u> | <u>163,485</u> | <u>940,485</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(777,000)</u> | <u>163,485</u> | <u>940,485</u> |
| Fund balances (deficits), beginning of year | | 747,383 | 747,383 |
| Fund balances (deficits), end of year | <u>\$ (777,000)</u> | <u>\$ 910,868</u> | <u>\$ 1,687,868</u> |

| Unrestricted Capital Outlay | | | Adjacent Ways | | |
|-----------------------------|-----------------------|--------------------------------|-----------------------|-------------------|--------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 168,687 | \$ 168,687 | \$ | \$ 2,311 | \$ 2,311 |
| | 2,164,280 | 2,164,280 | | 788,062 | 788,062 |
| | 1,324,662 | 1,324,662 | | | |
| | <u>3,657,629</u> | <u>3,657,629</u> | | <u>790,373</u> | <u>790,373</u> |
| 14,700,770 | 10,334,040 | 4,366,730 | 1,200,000 | 392,240 | 807,760 |
| 6,773,913 | 6,773,913 | | | | |
| 595,756 | 595,756 | | | | |
| <u>22,070,439</u> | <u>17,703,709</u> | <u>4,366,730</u> | <u>1,200,000</u> | <u>392,240</u> | <u>807,760</u> |
| <u>(22,070,439)</u> | <u>(14,046,080)</u> | <u>8,024,359</u> | <u>(1,200,000)</u> | <u>398,133</u> | <u>1,598,133</u> |
| | 4,352,720 | 4,352,720 | | | |
| | <u>4,352,720</u> | <u>4,352,720</u> | | | |
| <u>(22,070,439)</u> | <u>(9,693,360)</u> | <u>12,377,079</u> | <u>(1,200,000)</u> | <u>398,133</u> | <u>1,598,133</u> |
| | 5,760,815 | 5,760,815 | | 537,854 | 537,854 |
| <u>\$ (22,070,439)</u> | <u>\$ (3,932,545)</u> | <u>\$ 18,137,894</u> | <u>\$ (1,200,000)</u> | <u>\$ 935,987</u> | <u>\$ 2,135,987</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, 2014

| | Soft Capital Allocation | | |
|--|-------------------------|--------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| Property taxes | | | |
| State aid and grants | | | |
| Total revenues | | | |
| Expenditures: | | | |
| Current - | | | |
| Support services - administration | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | | | |
| Excess (deficiency) of revenues over expenditures | | | |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | (4,352,720) | (4,352,720) |
| Total other financing sources (uses): | | (4,352,720) | (4,352,720) |
| Changes in fund balances | | (4,352,720) | (4,352,720) |
| Fund balances (deficits), beginning of year | | 4,352,720 | 4,352,720 |
| Fund balances (deficits), end of year | \$ | \$ | \$ |

| <u>Bond Building</u> | | | <u>Gifts and Donations - Capital</u> | | |
|------------------------|---------------------|---------------------------------------|--------------------------------------|---------------|---------------------------------------|
| <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
| \$ | \$ 901 | \$ 901 | \$ | \$ | \$ |
| | <u>901</u> | <u>901</u> | | | |
| 12,100,000 | 11,917,104 | 182,896 | 20,000 | | 20,000 |
| <u>12,100,000</u> | <u>11,917,104</u> | <u>182,896</u> | <u>20,000</u> | | <u>20,000</u> |
| <u>(12,100,000)</u> | <u>(11,916,203)</u> | <u>183,797</u> | <u>(20,000)</u> | | <u>20,000</u> |
| | | | | | |
| <u>(12,100,000)</u> | <u>(11,916,203)</u> | <u>183,797</u> | <u>(20,000)</u> | | <u>20,000</u> |
| | 11,916,203 | 11,916,203 | | | |
| <u>\$ (12,100,000)</u> | <u>\$</u> | <u>\$ 12,100,000</u> | <u>\$ (20,000)</u> | <u>\$</u> | <u>\$ 20,000</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, 2014

| | Condemnation | | Variance - Positive (Negative) |
|--|---|---|---|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 69 | \$ 69 |
| Property taxes | | | |
| State aid and grants | | | |
| Total revenues | <u> </u> | <u> 69</u> | <u> 69</u> |
| Expenditures: | | | |
| Current - | | | |
| Support services - administration | | | |
| Capital outlay | 22,000 | | 22,000 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u> 22,000</u> | <u> </u> | <u> 22,000</u> |
| Excess (deficiency) of revenues over expenditures | <u> (22,000)</u> | <u> 69</u> | <u> 22,069</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | <u> </u> | <u> </u> | <u> </u> |
| Changes in fund balances | <u> (22,000)</u> | <u> 69</u> | <u> 22,069</u> |
| Fund balances (deficits), beginning of year | | 21,390 | 21,390 |
| Fund balances (deficits), end of year | <u> \$ (22,000)</u> | <u> \$ 21,459</u> | <u> \$ 43,459</u> |

| Building Renewal Grant | | | Totals | | |
|------------------------|--------------------|--------------------------------|------------------------|--------------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ 346,054 | \$ 346,054 |
| | | | | 2,952,342 | 2,952,342 |
| | | | | 1,324,662 | 1,324,662 |
| | | | | 4,623,058 | 4,623,058 |
| 100,000 | 19,501 | 80,499 | 777,000 28,142,770 | 10,601 22,662,885 | 766,399 5,479,885 |
| | | | 6,773,913 595,756 | 6,773,913 595,756 | |
| <u>100,000</u> | <u>19,501</u> | <u>80,499</u> | <u>36,289,439</u> | <u>30,043,155</u> | <u>6,246,284</u> |
| <u>(100,000)</u> | <u>(19,501)</u> | <u>80,499</u> | <u>(36,289,439)</u> | <u>(25,420,097)</u> | <u>10,869,342</u> |
| | | | | 4,352,720 (4,352,720) | 4,352,720 (4,352,720) |
| <u>(100,000)</u> | <u>(19,501)</u> | <u>80,499</u> | <u>(36,289,439)</u> | <u>(25,420,097)</u> | <u>10,869,342</u> |
| | (32,372) | (32,372) | | 23,303,993 | 23,303,993 |
| <u>\$ (100,000)</u> | <u>\$ (51,873)</u> | <u>\$ 48,127</u> | <u>\$ (36,289,439)</u> | <u>\$ (2,116,104)</u> | <u>\$ 34,173,335</u> |

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INTERNAL SERVICE FUNDS

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

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, 2014

| | Employee Benefit Trust | Workers' Compensation Trust | Totals |
|------------------------------|---------------------------|-----------------------------------|---------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and investments | \$ 28,805,347 | \$ 8,590,046 | \$ 37,395,393 |
| Prepaid items | | 36,665 | 36,665 |
| Total current assets | 28,805,347 | 8,626,711 | 37,432,058 |
| Total assets | 28,805,347 | 8,626,711 | 37,432,058 |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | | 120,698 | 120,698 |
| Claims payable | 3,573,956 | 2,613,000 | 6,186,956 |
| Total current liabilities | 3,573,956 | 2,733,698 | 6,307,654 |
| Noncurrent liabilities: | | | |
| Claims payable | | 4,411,917 | 4,411,917 |
| Total noncurrent liabilities | 3,573,956 | 4,411,917 | 4,411,917 |
| Total liabilities | 3,573,956 | 7,145,615 | 10,719,571 |
| <u>NET POSITION</u> | | | |
| Unrestricted | 25,231,391 | 1,481,096 | 26,712,487 |
| Total net position | \$ 25,231,391 | \$ 1,481,096 | \$ 26,712,487 |

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, 2014

| | Employee Benefit Trust | Workers' Compensation Trust | Totals |
|---|---------------------------|-----------------------------------|----------------------|
| Operating revenues: | | | |
| Contributions | \$ 27,792,595 | \$ 2,922,816 | \$ 30,715,411 |
| Other | 411,053 | | 411,053 |
| Total operating revenues | <u>28,203,648</u> | <u>2,922,816</u> | <u>31,126,464</u> |
| Operating expenses: | | | |
| Claims | 22,415,808 | 2,084,037 | 24,499,845 |
| Premiums | 1,339,312 | 398,457 | 1,737,769 |
| Administrative fees | 1,422,053 | 165,605 | 1,587,658 |
| Other | | 8,925 | 8,925 |
| Total operating expenses | <u>25,177,173</u> | <u>2,657,024</u> | <u>27,834,197</u> |
| Operating income (loss) | <u>3,026,475</u> | <u>265,792</u> | <u>3,292,267</u> |
| Nonoperating revenues (expenses): | | | |
| Investment income | 106,340 | 61,312 | 167,652 |
| Total nonoperating revenues (expenses) | <u>106,340</u> | <u>61,312</u> | <u>167,652</u> |
| Changes in net position | <u>3,132,815</u> | <u>327,104</u> | <u>3,459,919</u> |
| Total net position, beginning of year | 22,098,576 | 1,153,992 | 23,252,568 |
| Total net position, end of year | <u>\$ 25,231,391</u> | <u>\$ 1,481,096</u> | <u>\$ 26,712,487</u> |

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

| | Employee Benefit Trust | Workers' Compensation Trust | Totals |
|---|---------------------------|-----------------------------------|----------------------|
| <u>Increase in Cash and Cash Equivalents</u> | | | |
| Cash flows from operating activities: | | | |
| Cash received from contributions | \$ 27,792,595 | \$ 2,923,036 | \$ 30,715,631 |
| Cash payments for claims | (23,053,884) | (2,330,883) | (25,384,767) |
| Cash payments to suppliers for goods and services | (2,761,365) | (565,969) | (3,327,334) |
| | 1,977,346 | 26,184 | 2,003,530 |
| Cash flows from investing activities: | | | |
| Investment income | 106,340 | 61,312 | 167,652 |
| | 106,340 | 61,312 | 167,652 |
| Net increase in cash and cash equivalents | 2,083,686 | 87,496 | 2,171,182 |
| Cash and cash equivalents, beginning of year | 26,721,661 | 8,502,550 | 35,224,211 |
| Cash and cash equivalents, end of year | \$ 28,805,347 | \$ 8,590,046 | \$ 37,395,393 |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u> | | | |
| Operating income (loss) | \$ 3,026,475 | \$ 265,792 | \$ 3,292,267 |
| Changes in assets and liabilities: | | | |
| Decrease in prepaid items | | 220 | 220 |
| Increase in accounts payable | | 7,018 | 7,018 |
| Decrease in claims payable | (1,049,129) | (246,846) | (1,295,975) |
| | (1,049,129) | (239,608) | (1,288,737) |
| Total adjustments | (1,049,129) | (239,608) | (1,288,737) |
| Net cash provided by operating activities | \$ 1,977,346 | \$ 26,184 | \$ 2,003,530 |

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.

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, 2014

| | Student Activities | Employee Insurance | Totals |
|-------------------------------|-----------------------|-----------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 1,923,780 | \$ 7,132,274 | \$ 9,056,054 |
| Total assets | \$ 1,923,780 | \$ 7,132,274 | \$ 9,056,054 |
| <u>LIABILITIES</u> | | | |
| Deposits held for others | \$ | \$ 7,132,274 | \$ 7,132,274 |
| Due to student groups | 1,923,780 | | 1,923,780 |
| Total liabilities | \$ 1,923,780 | \$ 7,132,274 | \$ 9,056,054 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2014

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|---------------------------------------|------------------------------|----------------------|----------------------|---------------------------|
| <u>STUDENT ACTIVITIES FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ <u>1,859,144</u> | \$ <u>1,657,679</u> | \$ <u>1,593,043</u> | \$ <u>1,923,780</u> |
| Total assets | \$ <u>1,859,144</u> | \$ <u>1,657,679</u> | \$ <u>1,593,043</u> | \$ <u>1,923,780</u> |
| <u>Liabilities</u> | | | | |
| Due to student groups | \$ <u>1,859,144</u> | \$ <u>1,657,679</u> | \$ <u>1,593,043</u> | \$ <u>1,923,780</u> |
| Total liabilities | \$ <u>1,859,144</u> | \$ <u>1,657,679</u> | \$ <u>1,593,043</u> | \$ <u>1,923,780</u> |
| <u>EMPLOYEE INSURANCE FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ <u>3,867,636</u> | \$ <u>33,177,345</u> | \$ <u>29,912,707</u> | \$ <u>7,132,274</u> |
| Total assets | \$ <u>3,867,636</u> | \$ <u>33,177,345</u> | \$ <u>29,912,707</u> | \$ <u>7,132,274</u> |
| <u>Liabilities</u> | | | | |
| Deposits held for others | \$ <u>3,867,636</u> | \$ <u>33,177,345</u> | \$ <u>29,912,707</u> | \$ <u>7,132,274</u> |
| Total liabilities | \$ <u>3,867,636</u> | \$ <u>33,177,345</u> | \$ <u>29,912,707</u> | \$ <u>7,132,274</u> |
| <u>TOTAL AGENCY FUNDS</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ <u>5,726,780</u> | \$ <u>34,835,024</u> | \$ <u>31,505,750</u> | \$ <u>9,056,054</u> |
| Total assets | \$ <u>5,726,780</u> | \$ <u>34,835,024</u> | \$ <u>31,505,750</u> | \$ <u>9,056,054</u> |
| <u>Liabilities</u> | | | | |
| Deposits held for others | \$ 3,867,636 | \$ 33,177,345 | \$ 29,912,707 | \$ 7,132,274 |
| Due to student groups | <u>1,859,144</u> | <u>1,657,679</u> | <u>1,593,043</u> | <u>1,923,780</u> |
| Total liabilities | \$ <u>5,726,780</u> | \$ <u>34,835,024</u> | \$ <u>31,505,750</u> | \$ <u>9,056,054</u> |

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

| | Fiscal Year Ended June 30 | | | | |
|----------------------------------|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Net Position: | | | | | |
| Net investment in capital assets | \$ 478,823,950 | \$ 478,208,141 | \$ 453,090,065 | \$ 434,745,660 | \$ 408,491,273 |
| Restricted | 36,973,962 | 38,076,040 | 50,858,186 | 65,412,105 | 17,714,726 |
| Unrestricted | 57,072,295 | 39,993,726 | 48,723,218 | 44,383,800 | 63,439,513 |
| Total net position | \$ 572,870,207 | \$ 556,277,907 | \$ 552,671,469 | \$ 544,541,565 | \$ 489,645,512 |
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Net Position: | | | | | |
| Net investment in capital assets | \$ 395,715,727 | \$ 369,666,112 | \$ 342,578,365 | \$ 321,173,539 | \$ 292,038,534 |
| Restricted | 28,815,960 | 38,421,018 | 40,078,833 | 29,155,575 | 29,097,460 |
| Unrestricted | 19,851,658 | 34,427,961 | 25,250,544 | 17,198,050 | 16,657,735 |
| Total net position | \$ 444,383,345 | \$ 442,515,091 | \$ 407,907,742 | \$ 367,527,164 | \$ 337,793,729 |

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

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

| | Fiscal Year Ended June 30 | | | | |
|---|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Expenses | | | | | |
| Instruction | \$ 213,899,377 | \$ 224,302,136 | \$ 237,543,995 | \$ 232,454,534 | \$ 249,555,054 |
| Support services - students and staff | 64,945,835 | 69,035,667 | 72,454,063 | 70,371,615 | 68,096,321 |
| Support services - administration | 42,732,507 | 44,610,584 | 43,723,616 | 42,737,361 | 40,736,506 |
| Operation and maintenance of plant services | 49,866,704 | 55,716,491 | 56,498,727 | 56,053,302 | 55,307,716 |
| Student transportation services | 25,895,104 | 26,338,473 | 26,634,890 | 23,345,392 | 24,061,246 |
| Operation of non-instructional services | 22,647,923 | 21,534,017 | 21,981,761 | 18,430,745 | 18,992,991 |
| Interest on long-term debt | 11,640,250 | 13,064,629 | 13,936,906 | 15,517,905 | 14,045,722 |
| Total expenses | <u>431,627,700</u> | <u>454,601,997</u> | <u>472,773,958</u> | <u>458,910,854</u> | <u>470,795,556</u> |
| Program Revenues | | | | | |
| Charges for services: | | | | | |
| Instruction | 5,875,912 | 5,706,176 | 6,384,061 | 3,293,113 | 12,652,780 |
| Operation of non-instructional services | 3,395,327 | 3,110,765 | 2,739,728 | 3,204,525 | 3,640,047 |
| Other activities | 1,023,287 | 604,562 | 696,167 | 668,536 | 897,087 |
| Operating grants and contributions | 64,756,379 | 70,030,026 | 83,827,648 | 87,020,303 | 77,282,861 |
| Capital grants and contributions | 6,645,889 | 3,735,347 | 4,669,887 | 3,347,591 | 5,455,281 |
| Total program revenues | <u>81,696,794</u> | <u>83,186,876</u> | <u>98,317,491</u> | <u>97,534,068</u> | <u>99,928,056</u> |
| Net (Expense)/Revenue | <u>\$ (349,930,906)</u> | <u>\$ (371,415,121)</u> | <u>\$ (374,456,467)</u> | <u>\$ (361,376,786)</u> | <u>\$ (370,867,500)</u> |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses | | | | | |
| Instruction | \$ 274,064,584 | \$ 277,859,085 | \$ 265,531,648 | \$ 264,382,773 | \$ 248,314,669 |
| Support services - students and staff | 73,312,642 | 77,635,780 | 68,928,241 | 64,598,405 | 60,266,115 |
| Support services - administration | 42,115,765 | 47,148,478 | 47,831,765 | 50,069,751 | 45,529,903 |
| Operation and maintenance of plant services | 57,068,774 | 57,591,997 | 54,554,170 | 52,150,567 | 48,718,608 |
| Student transportation services | 23,266,202 | 26,331,263 | 23,142,644 | 22,962,146 | 21,635,755 |
| Operation of non-instructional services | 19,192,468 | 18,759,077 | 21,506,993 | 21,006,594 | 20,351,159 |
| Interest on long-term debt | 14,868,122 | 14,047,689 | 13,493,610 | 14,529,371 | 17,358,394 |
| Total expenses | <u>503,888,557</u> | <u>519,373,369</u> | <u>494,989,071</u> | <u>489,699,607</u> | <u>462,174,603</u> |
| Program Revenues | | | | | |
| Charges for services: | | | | | |
| Instruction | 8,452,639 | 8,162,423 | 3,706,972 | 5,870,449 | 8,757,240 |
| Operation of non-instructional services | 4,222,326 | 4,615,045 | 7,620,078 | 7,020,158 | 7,448,300 |
| Other activities | 915,321 | 813,792 | 3,345,738 | 2,502,327 | 3,470,841 |
| Operating grants and contributions | 66,930,683 | 69,575,109 | 63,854,736 | 70,429,617 | 70,448,238 |
| Capital grants and contributions | 1,675,625 | 3,207,618 | 2,006,641 | 7,063,084 | 2,756,434 |
| Total program revenues | <u>82,196,594</u> | <u>86,373,987</u> | <u>80,534,165</u> | <u>92,885,635</u> | <u>92,881,053</u> |
| Net (Expense)/Revenue | <u>\$ (421,691,963)</u> | <u>\$ (432,999,382)</u> | <u>\$ (414,454,906)</u> | <u>\$ (396,813,972)</u> | <u>\$ (369,293,550)</u> |

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

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

| | Fiscal Year Ended June 30 | | | | |
|---|----------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Net (Expense)/Revenue | \$ (349,930,906) | \$ (371,415,121) | \$ (374,456,467) | \$ (361,376,786) | \$ (370,867,500) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | 151,093,018 | 164,258,242 | 155,769,383 | 122,512,450 | 142,759,522 |
| Property taxes, levied for debt service | 42,704,992 | 39,875,831 | 50,749,259 | 46,598,982 | 44,806,399 |
| Property taxes, levied for capital outlay | 2,782,396 | 6,463,393 | 2,156,401 | 25,031,169 | 378,741 |
| Investment income | 352,847 | 740,367 | 675,595 | 817,368 | 1,099,217 |
| Unrestricted county aid | 14,097,314 | 14,372,495 | 13,918,868 | 12,889,153 | 12,191,663 |
| Unrestricted state aid | 152,463,686 | 146,611,426 | 158,195,164 | 190,988,261 | 202,282,511 |
| Unrestricted federal aid | 3,028,953 | 2,699,805 | 1,121,701 | 3,657,865 | 21,611,614 |
| Total general revenues | <u>366,523,206</u> | <u>375,021,559</u> | <u>382,586,371</u> | <u>402,495,248</u> | <u>425,129,667</u> |
| Changes in Net Position | <u>\$ 16,592,300</u> | <u>\$ 3,606,438</u> | <u>\$ 8,129,904</u> | <u>\$ 41,118,462</u> | <u>\$ 54,262,167</u> |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|
| Net (Expense)/Revenue | \$ (421,691,963) | \$ (432,999,382) | \$ (414,454,906) | \$ (396,813,972) | \$ (369,293,550) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | 131,633,343 | 134,956,549 | 131,350,704 | 125,983,872 | 116,965,552 |
| Property taxes, levied for debt service | 46,393,710 | 43,991,425 | 41,675,953 | 38,347,656 | 35,990,670 |
| Property taxes, levied for capital outlay | 12,258,603 | 9,719,093 | 7,349,019 | 9,247,617 | 9,931,191 |
| Investment income | 2,134,966 | 5,312,571 | 5,823,418 | 3,943,813 | 1,406,572 |
| Unrestricted county aid | 141,544 | | 137,385 | 11,247,933 | 11,075,419 |
| Unrestricted state aid | 229,617,096 | 272,140,866 | 267,218,685 | 236,389,038 | 238,064,825 |
| Unrestricted federal aid | 1,380,955 | 1,486,227 | 1,280,320 | 1,387,478 | 1,953,761 |
| Total general revenues | <u>423,560,217</u> | <u>467,606,731</u> | <u>454,835,484</u> | <u>426,547,407</u> | <u>415,387,990</u> |
| Changes in Net Position | <u>\$ 1,868,254</u> | <u>\$ 34,607,349</u> | <u>\$ 40,380,578</u> | <u>\$ 29,733,435</u> | <u>\$ 46,094,440</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.

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

| | Fiscal Year Ended June 30 | | | | |
|------------------------------------|----------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| General Fund: | | | | | |
| Nonspendable | \$ 1,401,642 | \$ 1,354,618 | \$ 1,696,474 | \$ 2,516,592 | \$ |
| Unassigned | 30,539,900 | 31,111,961 | 44,949,267 | 41,673,112 | |
| Reserved | | | | | 18,561,991 |
| Unreserved | | | | | 24,431,693 |
| Total General Fund | <u>\$ 31,941,542</u> | <u>\$ 32,466,579</u> | <u>\$ 46,645,741</u> | <u>\$ 44,189,704</u> | <u>\$ 42,993,684</u> |
| All Other Governmental Funds: | | | | | |
| Nonspendable | \$ 928,999 | \$ 1,203,182 | \$ 1,192,659 | \$ 1,151,571 | \$ |
| Restricted | 33,487,783 | 47,338,139 | 91,678,314 | 130,932,893 | |
| Committed | 910,868 | 747,383 | 697,442 | 1,840,152 | |
| Unassigned | (2,825,169) | (32,372) | (112) | (22,815) | |
| Reserved | | | | | 456,094 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | | | | | 35,070,776 |
| Capital projects funds | | | | | 45,131,394 |
| Debt service fund | | | | | 12,084,405 |
| Total all other governmental funds | <u>\$ 32,502,481</u> | <u>\$ 49,256,332</u> | <u>\$ 93,568,303</u> | <u>\$ 133,901,801</u> | <u>\$ 92,742,669</u> |

(Continued)

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund: | | | | | |
| Reserved | \$ 2,473,779 | \$ 2,156,886 | \$ 1,887,451 | \$ 1,875,819 | \$ 1,421,338 |
| Unreserved | 10,247,050 | 17,065,201 | 10,979,393 | 13,255,134 | 13,624,795 |
| Total General Fund | <u>\$ 12,720,829</u> | <u>\$ 19,222,087</u> | <u>\$ 12,866,844</u> | <u>\$ 15,130,953</u> | <u>\$ 15,046,133</u> |
| All Other Governmental Funds: | | | | | |
| Reserved | \$ 448,178 | \$ 457,812 | \$ 291,620 | \$ 428,577 | \$ 914,168 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 27,647,952 | 26,442,348 | 19,375,714 | 17,849,207 | 22,074,143 |
| Capital projects funds | 71,961,823 | 62,315,116 | 61,188,523 | 59,605,564 | 68,994,797 |
| Debt service fund | 10,952,462 | 9,308,507 | 10,602,874 | 8,015,570 | 5,514,797 |
| Total all other governmental funds | <u>\$ 111,010,415</u> | <u>\$ 98,523,783</u> | <u>\$ 91,458,731</u> | <u>\$ 85,898,918</u> | <u>\$ 97,497,905</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.

(Concluded)

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

| | Fiscal Year Ended June 30 | | | | |
|-----------------------------------|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Federal sources: | | | | | |
| Federal grants | \$ 49,697,352 | \$ 51,441,832 | \$ 60,941,360 | \$ 60,810,964 | \$ 58,543,843 |
| State Fiscal Stabilization (ARRA) | | | | 2,291,978 | 20,594,948 |
| Education Jobs | | | 4,322,415 | 6,258,984 | |
| Impact Aid | 676,045 | 1,206,125 | 1,121,701 | 1,365,887 | 1,016,666 |
| National School Lunch Program | 18,011,161 | 17,567,092 | 17,017,815 | 16,473,993 | 16,871,966 |
| Interest Subsidy | 1,257,444 | 1,296,061 | 1,355,003 | 1,306,073 | |
| Total federal sources | <u>69,642,002</u> | <u>71,511,110</u> | <u>84,758,294</u> | <u>88,507,879</u> | <u>97,027,423</u> |
| State sources: | | | | | |
| State equalization assistance | 132,185,366 | 128,594,364 | 142,586,526 | 177,289,785 | 185,038,264 |
| State grants | 997,741 | 1,838,710 | 1,004,308 | 1,605,563 | 3,291,113 |
| School Facilities Board | | | | | |
| Other revenues | 20,277,532 | 17,285,416 | 15,835,725 | 14,668,319 | 16,048,443 |
| Total state sources | <u>153,460,639</u> | <u>147,718,490</u> | <u>159,426,559</u> | <u>193,563,667</u> | <u>204,377,820</u> |
| Local sources: | | | | | |
| Property taxes | 195,388,011 | 209,545,368 | 210,099,111 | 189,258,948 | 187,598,121 |
| County aid | 14,097,314 | 14,372,495 | 13,918,868 | 12,889,153 | 12,191,663 |
| Food service sales | 2,003,028 | 2,200,959 | 2,122,437 | 2,438,926 | 2,841,522 |
| Investment income | 187,195 | 421,413 | 461,420 | 611,420 | 924,187 |
| Other revenues | 12,882,717 | 11,731,552 | 12,108,138 | 9,117,882 | 19,243,985 |
| Total local sources | <u>224,558,265</u> | <u>238,271,787</u> | <u>238,709,974</u> | <u>214,316,329</u> | <u>222,799,478</u> |
| Total revenues | <u>\$ 447,660,906</u> | <u>\$ 457,501,387</u> | <u>\$ 482,894,827</u> | <u>\$ 496,387,875</u> | <u>\$ 524,204,721</u> |

(Continued)

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal sources: | | | | | |
| Federal grants | \$ 42,041,772 | \$ 47,992,922 | \$ 48,403,958 | \$ 55,723,235 | \$ 55,366,233 |
| Impact Aid | 1,380,955 | 1,486,227 | 1,280,320 | 1,387,478 | 1,953,761 |
| National School Lunch Program | 16,574,952 | 14,483,896 | 13,845,552 | 13,444,312 | 13,088,729 |
| Total federal sources | <u>59,997,679</u> | <u>63,963,045</u> | <u>63,529,830</u> | <u>70,555,025</u> | <u>70,408,723</u> |
| State sources: | | | | | |
| State equalization assistance | 211,483,789 | 235,738,168 | 222,947,284 | 200,066,485 | 196,023,737 |
| State grants | 5,422,104 | 6,076,613 | 3,611,867 | 4,310,412 | 4,970,084 |
| School Facilities Board | | 4,654,792 | 17,861,491 | 7,759,135 | 20,900,366 |
| Other revenues | 19,775,662 | 30,737,345 | 26,409,910 | 27,931,624 | 23,839,734 |
| Total state sources | <u>236,681,555</u> | <u>277,206,918</u> | <u>270,830,552</u> | <u>240,067,656</u> | <u>245,733,921</u> |
| Local sources: | | | | | |
| Property taxes | 189,705,780 | 186,860,498 | 179,961,642 | 174,636,609 | 169,437,345 |
| County aid | 279,544 | | 187,229 | 11,395,675 | 11,258,636 |
| Food service sales | 3,384,150 | 3,720,714 | 3,844,651 | 3,866,733 | 4,573,941 |
| Investment income | 1,868,172 | 5,066,837 | 5,479,445 | 3,761,472 | 1,313,372 |
| Other revenues | 17,424,953 | 17,870,809 | 10,778,293 | 11,378,459 | 14,919,223 |
| Total local sources | <u>212,662,599</u> | <u>213,518,858</u> | <u>200,251,260</u> | <u>205,038,948</u> | <u>201,502,517</u> |
| Total revenues | <u>\$ 509,341,833</u> | <u>\$ 554,688,821</u> | <u>\$ 534,611,642</u> | <u>\$ 515,661,629</u> | <u>\$ 517,645,161</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)

| | Fiscal Year Ended June 30 | | | | |
|---|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| Instruction | \$ 182,170,194 | \$ 200,508,623 | \$ 207,817,232 | \$ 204,760,085 | \$ 230,202,146 |
| Support services - students and staff | 62,928,162 | 68,401,474 | 70,581,454 | 68,796,953 | 69,436,330 |
| Support services - administration | 40,912,970 | 42,935,792 | 41,370,788 | 40,360,497 | 40,324,873 |
| Operation and maintenance of plant services | 49,228,361 | 55,277,056 | 55,159,807 | 56,678,876 | 55,338,511 |
| Student transportation services | 22,626,196 | 23,676,242 | 23,454,160 | 22,241,973 | 23,193,120 |
| Operation of non-instructional services | 22,569,839 | 21,348,952 | 21,642,746 | 18,585,569 | 18,770,777 |
| Capital outlay | 45,330,412 | 57,417,569 | 56,698,083 | 52,393,932 | 51,201,278 |
| Debt service - | | | | | |
| Interest and fiscal charges | 11,720,671 | 13,086,907 | 13,959,184 | 15,555,722 | 14,079,089 |
| Principal retirement | 47,239,231 | 40,583,291 | 40,909,199 | 34,649,692 | 33,004,537 |
| Bond issuance costs | | | 441,705 | 776,763 | |
| Total expenditures | <u>\$ 484,726,036</u> | <u>\$ 523,235,906</u> | <u>\$ 532,034,358</u> | <u>\$ 514,800,062</u> | <u>\$ 535,550,661</u> |
| Expenditures for capitalized assets | \$ 27,849,032 | \$ 47,461,655 | \$ 33,205,672 | \$ 43,314,099 | \$ 34,878,196 |
| Debt service as a percentage of noncapital expenditures | 13% | 11% | 11% | 11% | 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>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures: | | | | | |
| Current - | | | | | |
| Instruction | \$ 234,931,349 | \$ 240,042,909 | \$ 236,770,040 | \$ 235,893,712 | \$ 231,622,212 |
| Support services - students and staff | 72,736,897 | 74,974,896 | 68,047,068 | 64,877,261 | 61,362,899 |
| Support services - administration | 40,973,334 | 44,211,988 | 47,934,273 | 46,574,968 | 45,439,014 |
| Operation and maintenance of plant services | 56,234,094 | 53,611,181 | 52,330,014 | 50,036,858 | 47,921,656 |
| Student transportation services | 21,568,722 | 24,300,043 | 21,978,854 | 22,051,935 | 20,162,779 |
| Operation of non-instructional services | 19,167,046 | 21,740,678 | 21,162,973 | 20,261,039 | 20,544,569 |
| Capital outlay | 66,818,229 | 84,056,213 | 49,407,315 | 47,570,444 | 41,999,980 |
| Debt service - | | | | | |
| Claims and Judgements | 1,916,877 | | | | |
| Interest and fiscal charges | 15,205,476 | 14,081,326 | 13,524,715 | 14,544,911 | 17,122,073 |
| Principal retirement | 32,461,174 | 34,976,055 | 31,195,352 | 26,054,091 | 21,111,916 |
| Bond issuance costs | 762,221 | 367,959 | 147,702 | 676,749 | 603,209 |
| Total expenditures | <u>\$ 562,775,419</u> | <u>\$ 592,363,248</u> | <u>\$ 542,498,306</u> | <u>\$ 528,541,968</u> | <u>\$ 507,890,307</u> |
| Expenditures for capitalized assets | \$ 44,654,742 | \$ 58,186,989 | \$ 27,741,175 | \$ 27,151,850 | \$ 28,674,252 |
| Debt service as a percentage of noncapital expenditures | 10% | 9% | 9% | 8% | 8% |

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

(Concluded)

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

| | Fiscal Year Ended June 30 | | | | |
|--|----------------------------------|------------------------|------------------------|------------------------|-----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Excess (deficiency) of revenues over expenditures | \$ (37,065,130) | \$ (65,734,519) | \$ (49,139,531) | \$ (18,412,187) | \$ (11,345,940) |
| Other financing sources (uses): | | | | | |
| Issuance of school improvement bonds | | | | 74,000,000 | |
| Refunding bonds issued | | | 51,000,000 | 45,900,000 | |
| Premium on sale of bonds | | | 3,738,599 | 5,038,940 | |
| Proceeds from sale of capital assets | | 48,617 | 101,083 | 1,728,172 | |
| Capital lease agreements | 19,425,678 | 7,526,101 | 11,525,165 | | 7,254,921 |
| Transfers in | 6,777,058 | 3,273,496 | 1,904,315 | 2,761,892 | 3,228,393 |
| Transfers out | (6,777,058) | (3,273,496) | (1,904,315) | (2,761,892) | (3,228,393) |
| Payment to refunded bond escrow agent | | | (54,314,359) | (49,962,127) | |
| Total other financing sources (uses) | <u>19,425,678</u> | <u>7,574,718</u> | <u>12,050,488</u> | <u>76,704,985</u> | <u>7,254,921</u> |
| Changes in fund balances | <u>\$ (17,639,452)</u> | <u>\$ (58,159,801)</u> | <u>\$ (37,089,043)</u> | <u>\$ 58,292,798</u> | <u>\$ (4,091,019)</u> |
| | | | | | |
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Excess (deficiency) of revenues over expenditures | \$ (53,433,586) | \$ (37,674,427) | \$ (7,886,664) | \$ (12,880,339) | \$ 9,754,854 |
| Other financing sources (uses): | | | | | |
| Issuance of school improvement bonds | 57,000,000 | 47,000,000 | 10,000,000 | | 47,000,000 |
| Refunding bonds issued | | | | 47,825,000 | |
| Premium on sale of bonds | 1,066,478 | 706,670 | 163,267 | 1,852,588 | 906,231 |
| Proceeds from sale of capital assets | | | | | 1,752,847 |
| Capital lease agreements | 1,045,221 | 2,952,425 | 1,144,426 | 720,533 | 3,394,840 |
| Transfers in | 12,001,930 | 4,505,961 | 3,008,303 | 3,775,378 | 2,012,945 |
| Transfers out | (12,001,930) | (4,505,961) | (3,008,303) | (3,775,378) | (2,012,945) |
| Payment to refunded bond escrow agent | | | | (49,000,839) | |
| Total other financing sources (uses) | <u>59,111,699</u> | <u>50,659,095</u> | <u>11,307,693</u> | <u>1,397,282</u> | <u>53,053,918</u> |
| Changes in fund balances | <u>\$ 5,678,113</u> | <u>\$ 12,984,668</u> | <u>\$ 3,421,029</u> | <u>\$ (11,483,057)</u> | <u>\$ 62,808,772</u> |

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

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

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Commercial, Industrial, Utilities and Mining | \$ 1,019,451,977 | \$ 1,081,215,033 | \$ 1,074,355,352 | \$ 1,090,965,347 | \$ 1,077,748,252 |
| Agricultural and Vacant | 114,927,549 | 118,498,381 | 112,720,592 | 114,484,305 | 106,372,665 |
| Residential (Owner Occupied) | 1,336,979,464 | 1,477,013,301 | 1,636,106,002 | 1,861,033,185 | 1,891,325,577 |
| Residential (Rental) | 499,869,993 | 507,897,672 | 478,805,500 | 508,578,926 | 479,696,735 |
| Railroad, Private Cars and Airlines | 2,363,569 | 2,303,761 | 2,023,840 | 2,014,148 | 2,084,546 |
| Historical Property | 28,785,354 | 28,965,566 | 29,071,310 | 29,884,448 | 26,118,631 |
| Certain Government Property Improvements | 19,506 | 20,701 | 78,131 | | |
| Total | \$ 3,002,397,412 | \$ 3,215,914,415 | \$ 3,333,160,727 | \$ 3,606,960,359 | \$ 3,583,346,406 |
| Estimated Actual Value (Full Cash Value) | \$ 30,260,270,212 | \$ 31,603,025,006 | \$ 32,819,636,555 | \$ 35,625,457,918 | \$ 36,172,563,620 |
| Ratio of Primary Assessed Value to Estimated Actual Value | 9.92% | 10.18% | 10.16% | 10.12% | 9.91% |

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Commercial, Industrial, Utilities and Mining | \$ 1,050,177,813 | \$ 1,272,775,479 | \$ 954,186,784 | \$ 918,011,099 | \$ 890,449,166 |
| Agricultural and Vacant | 103,609,679 | 80,675,702 | 81,493,204 | 75,640,233 | 75,964,344 |
| Residential (Owner Occupied) | 1,746,892,589 | 1,323,022,003 | 1,409,403,762 | 1,280,370,028 | 1,184,703,980 |
| Residential (Rental) | 428,515,359 | 432,497,621 | 326,893,876 | 289,545,477 | 262,591,907 |
| Railroad, Private Cars and Airlines | 2,398,360 | 3,187,093 | 3,041,651 | 2,824,127 | 2,624,168 |
| Historical Property | 22,935,741 | 21,151,850 | 15,994,978 | 13,473,376 | 9,162,763 |
| Certain Government Property Improvements | | | | | |
| Total | \$ 3,354,529,541 | \$ 3,133,309,748 | \$ 2,791,014,255 | \$ 2,579,864,340 | \$ 2,425,496,328 |
| Estimated Actual Value (Full Cash Value) | \$ 34,951,711,743 | \$ 30,190,092,265 | \$ 25,679,006,897 | \$ 22,663,244,357 | \$ 21,185,806,786 |
| Ratio of Primary Value to Estimated Actual Value | 9.60% | 10.38% | 10.87% | 11.38% | 11.45% |

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

Note: The primary assessed value generates revenues for general District operations.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SECONDARY ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Commercial, Industrial, Utilities and Mining | \$ 1,036,430,609 | \$ 1,114,174,075 | \$ 1,124,168,415 | \$ 1,188,354,335 | \$ 1,221,801,653 |
| Agricultural and Vacant | 119,316,810 | 126,790,265 | 124,964,505 | 139,480,103 | 143,744,584 |
| Residential (Owner Occupied) | 1,337,932,939 | 1,478,192,168 | 1,640,031,268 | 1,887,895,526 | 2,032,583,387 |
| Residential (Rental) | 503,614,469 | 512,387,222 | 483,574,300 | 531,796,567 | 537,352,863 |
| Railroad, Private Cars and Airlines | 2,385,858 | 2,347,426 | 2,258,002 | 2,404,131 | 2,458,899 |
| Historical Property | 29,656,219 | 30,404,234 | 30,856,368 | 34,061,136 | 32,305,977 |
| Certain Government Property Improvements | 19,506 | 21,389 | 81,418 | | |
| Total | \$ 3,029,356,410 | \$ 3,264,316,779 | \$ 3,405,934,276 | \$ 3,783,991,798 | \$ 3,970,247,363 |
| Ratio of Secondary Assessed Value to Estimated Actual Value | 10.01% | 10.33% | 10.38% | 10.62% | 10.98% |

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Commercial, Industrial, Utilities and Mining | \$ 1,143,811,906 | \$ 1,118,258,896 | \$ 1,017,153,529 | \$ 935,574,986 | \$ 910,929,615 |
| Agricultural and Vacant | 145,829,986 | 115,601,397 | 102,639,623 | 89,038,921 | 86,600,741 |
| Residential (Owner Occupied) | 2,050,227,168 | 1,753,984,903 | 1,463,132,747 | 1,306,451,685 | 1,216,487,726 |
| Residential (Rental) | 511,313,599 | 429,891,517 | 357,377,327 | 310,312,738 | 276,205,831 |
| Railroad, Private Cars and Airlines | 2,704,690 | 2,842,410 | 3,219,265 | 3,092,749 | 2,944,302 |
| Historical Property | 32,162,664 | 23,244,874 | 17,852,388 | 14,667,025 | 10,027,016 |
| Certain Government Property Improvements | | | | | |
| Total | \$ 3,886,050,013 | \$ 3,443,823,997 | \$ 2,961,374,879 | \$ 2,659,138,104 | \$ 2,503,195,231 |
| Ratio of Secondary Assessed Value to Estimated Actual Value | 11.12% | 11.41% | 11.53% | 11.73% | 11.82% |

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

Note: The secondary assessed value generates revenues to service District bonded debt requirements and other voter-approved overrides.

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

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Commercial, Industrial, Utilities and Mining | 20 % | 20 % | 20 % | 21 % | 22 % |
| 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 | 15 | 17 | 18 |

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Commercial, Industrial, Utilities and Mining | 23 % | 24 % | 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 | 20 | 21 | 22 | 21 | 21 |

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 | Flood | Community | Fire | Central | City of | City of | | | | |
| | Equalization | County | Free Library | Control District | College District | District Assistance | Arizona Water | Tucson | South Tucson | Primary | Secondary | Total | |
| 2014 | 0.51 | 4.45 | 0.38 | 0.26 | 1.29 | 0.05 | 0.14 | 1.43 | 2.98 | 6.01 | 1.43 | 7.43 | |
| 2013 | 0.47 | 4.20 | 0.35 | 0.26 | 1.17 | 0.04 | 0.10 | 1.26 | 2.76 | 6.08 | 1.24 | 7.32 | |
| 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 | 0.00 | 4.02 | 0.26 | 0.26 | 1.08 | 0.04 | 0.10 | 0.93 | 0.20 | 4.94 | 1.13 | 6.07 | |
| 2009 | 0.00 | 4.00 | 0.34 | 0.29 | 1.14 | 0.04 | 0.10 | 0.96 | 0.21 | 5.36 | 1.21 | 6.57 | |
| 2008 | 0.00 | 4.29 | 0.40 | 0.34 | 1.19 | 0.04 | 0.10 | 1.13 | 0.23 | 5.75 | 1.30 | 7.05 | |
| 2007 | 0.00 | 4.56 | 0.37 | 0.37 | 1.25 | 0.04 | 0.12 | 1.23 | 0.24 | 5.99 | 1.39 | 7.38 | |
| 2006 | 0.00 | 4.79 | 0.26 | 0.37 | 1.31 | 0.04 | 0.12 | 1.24 | 0.24 | 6.43 | 1.45 | 7.88 | |
| 2005 | 0.00 | 4.89 | 0.21 | 0.35 | 1.34 | 0.04 | 0.12 | 1.18 | 0.24 | 6.83 | 1.50 | 8.33 | |

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>2014</u> | | <u>2005</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 | \$ 60,749,523 | 2.01 % | \$ 38,314,497 | 1.53 % |
| Century Link, Inc. | 21,744,996 | 0.72 | 59,108,617 | 2.36 |
| Southwest Gas Corporation | 19,757,060 | 0.65 | 27,936,476 | 1.12 |
| Starr Pass Resort Developments LLC | 12,298,055 | 0.41 | | |
| Wal-Mart Stores, Inc. | 10,738,149 | 0.35 | 4,694,250 | 0.19 |
| WC Partners et al (Williams Center) | 8,717,987 | 0.29 | 6,899,882 | 0.28 |
| Verizon Wireless | 7,665,248 | 0.25 | | |
| El Con Shopping Center | 6,577,480 | 0.22 | 7,444,536 | 0.30 |
| Park Place Shopping Center | 6,347,608 | | 15,073,566 | |
| AT&T Telecommunications, Inc. | 5,983,998 | 0.20 | 8,283,835 | 0.33 |
| TMC Holdings Inc | 5,009,129 | 0.17 | | |
| Marshall Foundation | 4,546,221 | 0.15 | | |
| Brown Garold C Family LP | 4,369,376 | 0.14 | | |
| HUB Properties | 4,332,001 | 0.14 | 6,398,882 | 0.26 |
| TW Telecom of AZ LLC | 4,219,060 | 0.14 | | |
| MCI Telecommunications | | | 7,327,113 | 0.29 |
| Total | <u>\$ 183,055,891</u> | <u>5.26 %</u> | <u>\$ 181,481,654</u> | <u>6.65 %</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 |
| 2014 | \$ 196,991,408 | \$ 188,246,693 | 95.56 % | \$ | \$ 188,246,693 | 95.56 % |
| 2013 | 211,182,909 | 201,863,709 | 95.59 | 8,517,358 | 210,381,067 | 99.62 |
| 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 | 9,010,306 | 184,778,938 | 98.35 |
| 2010 | 179,853,772 | 171,331,961 | 95.26 | 8,246,051 | 179,578,012 | 99.85 |
| 2009 | 183,939,765 | 176,305,975 | 95.85 | 7,494,030 | 183,800,005 | 99.92 |
| 2008 | 180,563,077 | 173,169,013 | 95.90 | 7,359,364 | 180,528,377 | 99.98 |
| 2007 | 169,371,786 | 163,379,824 | 96.46 | 5,903,909 | 169,283,733 | 99.95 |
| 2006 | 165,175,823 | 159,509,446 | 96.57 | 5,573,757 | 165,083,203 | 99.94 |
| 2005 | 161,855,692 | 156,257,785 | 96.54 | 5,561,312 | 161,819,097 | 99.98 |

Source: The source of this information is the 2014 Pima County Treasurer's records.

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

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

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

| Fiscal Year Ended June 30 | General Obligation Bonds | | | | | | Total Outstanding Debt | | | | |
|------------------------------------|--------------------------------|---|----------------|---|---------------|-------------------|------------------------|---|---------------|-------------------------------------|--|
| | General Obligation Bonds | Less: Amounts Restricted for Principal | Total | Percentage of Estimated Actual Value (Full Cash Value) | Per Capita | Capital Leases | Total | Percentage of Estimated Actual Value (Full Cash Value) | Per Capita | Percentage of Personal Income | |
| 2014 | \$ 205,247,538 | \$ 5,384,563 | \$ 199,862,975 | 0.66 % | \$ 422 | \$ 23,816,502 | \$ 223,679,477 | 0.74 % | \$ 472 | N/A % | |
| 2013 | 242,508,469 | 9,582,846 | 232,925,623 | 0.74 | 490 | 14,555,055 | 247,480,678 | 0.78 | 521 | 1.75 | |
| 2012 | 278,767,431 | 16,538,166 | 262,229,265 | 0.80 | 554 | 11,982,245 | 274,211,510 | 0.84 | 579 | 2.02 | |
| 2011 | 312,128,142 | 14,136,565 | 297,991,577 | 0.84 | 771 | 5,136,279 | 303,127,856 | 0.85 | 784 | 2.45 | |
| 2010 | 265,770,552 | 13,599,040 | 252,171,512 | 0.70 | 603 | 7,255,971 | 259,427,483 | 0.72 | 621 | 2.46 | |
| 2009 | 295,628,919 | 12,394,579 | 283,234,340 | 0.81 | 580 | 3,180,587 | 286,414,927 | 0.82 | 587 | 2.66 | |
| 2008 | 269,532,016 | 10,557,977 | 258,974,039 | 0.86 | 497 | 3,726,540 | 262,700,579 | 0.87 | 505 | 2.96 | |
| 2007 | 255,731,942 | 10,748,011 | 244,983,931 | 0.95 | 476 | 2,245,170 | 247,229,101 | 0.96 | 481 | 3.88 | |
| 2006 | 277,342,482 | 8,869,669 | 268,472,813 | 1.18 | 527 | 2,701,096 | 271,173,909 | 1.20 | 532 | 0.94 | |
| 2005 | 299,463,022 | 8,869,669 | 290,593,353 | 1.37 | 586 | 3,929,654 | 294,523,007 | 1.39 | 594 | 1.13 | |

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, 2014**

| <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 | \$ 1,348,889,696 | 40.99 % | \$ 552,909,886 |
| Pima College District | 1,335,000 | 40.16 | 536,136 |
| City of Tucson | 1,101,510,102 | 96.99 | 1,068,354,648 |
| Subtotal, Overlapping Debt | | | <u>1,621,800,670</u> |
| Direct: | | | |
| Tucson Unified School District No. 1 | | 100.00 | <u>223,679,477</u> |
| Total Direct and Overlapping Governmental Activities Debt | | | <u><u>\$ 1,845,480,147</u></u> |

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

| | | |
|---|----------|---------|
| Net Direct General Obligation Bonded Debt | | |
| As a Percentage of Net Secondary Assessed Valuation | | 6.60 % |
| Net Direct and Overlapping General Bonded Debt | | |
| Per Capita | \$ 3,847 | |
| As a Percentage of Net Secondary Assessed Valuation | | 60.13 % |
| As a Percentage of Estimated Actual Value (Full Cash Value) | | 6.02 % |

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, 2013 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 2014:

| | |
|------------------------------------|-----------------------|
| Secondary assessed valuation | \$ 3,029,356,410 |
| Debt limit (10% of assessed value) | 302,935,641 |
| Debt applicable to limit | <u>197,970,000</u> |
| Legal debt margin | <u>\$ 104,965,641</u> |

Total Legal Debt Margin Calculation for Fiscal Year 2014:

| | |
|------------------------------------|-----------------------|
| Secondary assessed valuation | \$ 3,029,356,410 |
| Debt limit (30% of assessed value) | 908,806,923 |
| Debt applicable to limit | <u>197,970,000</u> |
| Legal debt margin | <u>\$ 710,836,923</u> |

Fiscal Year Ended June 30

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit | \$ 908,806,923 | \$ 979,295,034 | \$ 1,021,780,283 | \$ 1,135,197,539 | \$ 1,191,074,209 |
| Total net debt applicable to limit | <u>197,970,000</u> | <u>235,045,000</u> | <u>270,675,000</u> | <u>306,905,000</u> | <u>265,260,000</u> |
| Legal debt margin | <u>\$ 710,836,923</u> | <u>\$ 744,250,034</u> | <u>\$ 751,105,283</u> | <u>\$ 828,292,539</u> | <u>\$ 925,814,209</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 22% | 24% | 26% | 27% | 22% |
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Debt Limit | \$ 1,165,815,004 | \$ 1,033,147,199 | \$ 888,412,464 | \$ 797,741,431 | \$ 750,958,569 |
| Total net debt applicable to limit | <u>295,085,000</u> | <u>268,955,000</u> | <u>255,460,000</u> | <u>275,055,000</u> | <u>299,160,000</u> |
| Legal debt margin | <u>\$ 870,730,004</u> | <u>\$ 764,192,199</u> | <u>\$ 632,952,464</u> | <u>\$ 522,686,431</u> | <u>\$ 451,798,569</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 25% | 26% | 29% | 34% | 40% |

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> |
|-------------|-------------------|--|------------------------------|------------------------------|--|
| 2013 | 996,554 | \$ N/A | \$ N/A | 7.0 % | 473,481 |
| 2012 | 992,394 | 36,058,871 | 36,335 | 7.2 | 475,000 |
| 2011 | 986,081 | 34,931,620 | 35,371 | 8.4 | 473,600 |
| 2010 | 980,263 | 33,766,590 | 34,987 | 9.5 | 386,588 |
| 2009 | 1,018,012 | 33,573,864 | 33,833 | 8.3 | 418,074 |
| 2008 | 1,012,018 | 35,259,120 | 34,058 | 5.1 | 488,100 |
| 2007 | 1,003,235 | 33,572,826 | 31,755 | 3.7 | 520,556 |
| 2006 | 981,280 | 31,892,089 | 31,418 | 4.0 | 514,354 |
| 2005 | 957,635 | 28,973,089 | 28,869 | 4.6 | 509,626 |
| 2004 | 931,935 | 26,163,589 | 27,244 | 4.6 | 495,896 |

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 through 2013, 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>2014</u> | | <u>2005</u> | |
|--------------------------------------|------------------|---|------------------|---|
| | <u>Employees</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Percentage of Total Employment</u> |
| University of Arizona | 11,047 | 2.63 % | 10,282 | 2.46 % |
| Raytheon Missile Systems | 9,933 | 2.37 | 10,756 | 2.57 |
| State of Arizona | 9,439 | 2.25 | 9,742 | 2.33 |
| Davis Monthan AFB | 8,933 | 2.13 | 8,233 | 1.97 |
| Pima County | 7,328 | 1.75 | | |
| Tucson Unified School District | 5,638 | 1.34 | 7,623 | 1.82 |
| University of Arizona Health Network | 6,329 | 1.51 | | |
| Fort Huachuca | 5,717 | 1.36 | 13,098 | 3.13 |
| Freeport-McMoran Mining | 5,600 | 1.33 | | |
| Wal-Mart Stores, Inc. | 5,200 | 1.24 | 4,980 | 1.19 |
| City of Tucson | 4,845 | 1.15 | 5,306 | 1.27 |
| Tohono O'odham Nation | 4,350 | 1.04 | | |
| US Border Patrol | 4,135 | 0.98 | | |
| Carondelet Health Network | 3,476 | 0.83 | 3,751 | 0.90 |
| Tucson Medical Center | 2,954 | 0.70 | 2,800 | 0.67 |
| Total | <u>94,924</u> | <u>22.61 %</u> | <u>76,571</u> | <u>18.31 %</u> |
| Total employment | <u>419,900</u> | | <u>418,111</u> | |

Source: The source of this information is 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

| | Full-time Equivalent Employees as of June 30 | | | | |
|-------------------------------------|---|---------------------|---------------------|---------------------|---------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Supervisory | | | | | |
| Administrators | 49 | 41 | 46 | 43 | 36 |
| Principals | 82 | 87 | 92 | 92 | 89 |
| Assistant principals | 43 | 55 | 48 | 44 | 51 |
| Total supervisory | <u>174</u> | <u>183</u> | <u>186</u> | <u>179</u> | <u>176</u> |
| Instruction | | | | | |
| Teachers | 2,536 | 2,764 | 2,845 | 2,854 | 3,068 |
| Other professionals (instructional) | 110 | 130 | 118 | 86 | 71 |
| Aides | 523 | 549 | 583 | 595 | 621 |
| Total instruction | <u>3,169</u> | <u>3,443</u> | <u>3,546</u> | <u>3,535</u> | <u>3,760</u> |
| Student Services | | | | | |
| Nurses | 41 | 41 | 45 | 34 | 47 |
| Counselors/Advisors | 71 | 84 | 57 | 72 | 109 |
| Speech Clinicians | 57 | 60 | 45 | 49 | 55 |
| Librarians | 14 | 34 | 23 | 25 | 45 |
| Other | 472 | 465 | 446 | 340 | 372 |
| Total student services | <u>655</u> | <u>684</u> | <u>616</u> | <u>520</u> | <u>628</u> |
| Support and Administration | | | | | |
| Facilities Maintenance | 155 | 189 | 201 | 196 | 195 |
| Custodians | 236 | 286 | 316 | 307 | 325 |
| Bus Drivers/ Monitors | 321 | 375 | 369 | 383 | 391 |
| Food Service workers | 189 | 181 | 194 | 203 | 218 |
| Other classified | 739 | 809 | 827 | 876 | 826 |
| Total support and administration | <u>1,640</u> | <u>1,840</u> | <u>1,907</u> | <u>1,965</u> | <u>1,955</u> |
| Total | <u><u>5,638</u></u> | <u><u>6,150</u></u> | <u><u>6,255</u></u> | <u><u>6,199</u></u> | <u><u>6,519</u></u> |

(Continued)

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Supervisory | | | | | |
| Administrators | 46 | 48 | 48 | 52 | 53 |
| Principals | 90 | 99 | 105 | 99 | 105 |
| Assistant principals | 67 | 72 | 68 | 69 | 65 |
| Total supervisory | <u>203</u> | <u>219</u> | <u>221</u> | <u>220</u> | <u>223</u> |
| Instruction | | | | | |
| Teachers | 3,291 | 3,406 | 3,397 | 3,374 | 3,428 |
| Other professionals (instructional) | 71 | 131 | 160 | 199 | 141 |
| Aides | 564 | 568 | 562 | 566 | 517 |
| Total instruction | <u>3,926</u> | <u>4,105</u> | <u>4,119</u> | <u>4,139</u> | <u>4,086</u> |
| Student Services | | | | | |
| Nurses | | | | | |
| Counselors/Advisors | | | | | |
| Speech Clinicians | | | | | |
| Librarians | 74 | 83 | 81 | 85 | 93 |
| Other | 767 | 713 | 750 | 775 | 762 |
| Total student services | <u>841</u> | <u>796</u> | <u>831</u> | <u>860</u> | <u>855</u> |
| Support and Administration | | | | | |
| Facilities Maintenance | | | | | |
| Custodians | 333 | 323 | 333 | 341 | 319 |
| Bus Drivers/ Monitors | 466 | 473 | 409 | 456 | 451 |
| Food Service workers | 253 | 255 | 263 | 272 | 277 |
| Other classified | 977 | 1,036 | 1,037 | 1,033 | 1,130 |
| Total support and administration | <u>2,029</u> | <u>2,087</u> | <u>2,042</u> | <u>2,102</u> | <u>2,177</u> |
| Total | <u><u>6,999</u></u> | <u><u>7,207</u></u> | <u><u>7,213</u></u> | <u><u>7,321</u></u> | <u><u>7,341</u></u> |

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

(Concluded)

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

| Fiscal Year Ended June 30 | Average Daily Membership | Operating Expenditures | Cost per Pupil | Percentage Change | Expenses | Cost per Pupil | Percentage Change | Teaching Staff | Pupil-Teacher Ratio | Percentage of Free/Reduced Students |
|----------------------------------|---------------------------------|-------------------------------|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------------|----------------------------|--|
| 2014 | 46,597 | \$ 380,435,722 | \$ 8,164 | (4.24) % | \$ 431,627,700 | \$ 9,263 | (1.50) % | 3,169 | 14.7 | 73.0 % |
| 2013 | 48,342 | 412,148,139 | 8,526 | (0.47) | 454,601,997 | 9,404 | (2.46) | 3,443 | 14.0 | 72.0 |
| 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 | 0.28 | 462,174,603 | 8,059 | 6.31 | 4,086 | 14.0 | 58.1 |

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

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

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

| | Fiscal Year Ended June 30 | | | | | | | | | |
|------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2014</u> | <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>Schools</u> | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Buildings | 519 | 519 | 596 | 579 | 579 | 579 | 579 | 476 | 476 | 476 |
| Square feet | 2,750,849 | 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 |
| Capacity | 31,600 | 31,600 | 36,490 | 32,370 | 32,370 | 32,370 | 31,620 | 34,810 | 34,810 | 34,810 |
| Enrollment | 22,619 | 22,619 | 23,231 | 28,231 | 28,231 | 28,231 | 29,413 | 30,210 | 28,707 | 29,118 |
| Middle | | | | | | | | | | |
| Buildings | 126 | 126 | 126 | 120 | 120 | 120 | 120 | 106 | 106 | 106 |
| Square feet | 1,823,702 | 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 |
| Capacity | 20,850 | 20,850 | 20,850 | 14,115 | 14,115 | 14,115 | 14,115 | 15,091 | 15,091 | 15,091 |
| Enrollment | 12,816 | 12,816 | 13,448 | 12,092 | 12,092 | 12,092 | 12,486 | 12,979 | 13,777 | 14,421 |
| High | | | | | | | | | | |
| Buildings | 118 | 118 | 118 | 110 | 110 | 110 | 110 | 106 | 106 | 106 |
| Square feet | 3,411,819 | 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 |
| Capacity | 21,575 | 21,575 | 21,575 | 18,670 | 18,670 | 18,670 | 18,670 | 17,970 | 17,970 | 17,970 |
| Enrollment | 14,404 | 14,404 | 14,647 | 16,790 | 16,790 | 16,790 | 16,010 | 16,123 | 17,004 | 16,876 |
| Other | | | | | | | | | | |
| Buildings | 94 | 94 | 28 | 28 | 28 | 28 | 28 | 22 | 22 | 22 |
| Square feet | 453,143 | 453,143 | 113,288 | 113,288 | 113,288 | 113,288 | 113,288 | 118,608 | 118,608 | 118,608 |
| Capacity | 675 | 675 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| Enrollment | 174 | 174 | 250 | 250 | 250 | 250 | 193 | 282 | 282 | 299 |
| <u>Administrative</u> | | | | | | | | | | |
| Buildings | 91 | 90 | 89 | 89 | 89 | 89 | 89 | 88 | 88 | 88 |
| Square feet | 460,301 | 443,496 | 410,510 | 410,510 | 410,510 | 410,510 | 410,510 | 408,778 | 408,778 | 408,778 |

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

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