

EDUCATION ENHANCED BY DIVERSITY

Tucson Unified School District No. 1
1010 E 10th Street
Tucson, Arizona 85719

Comprehensive Annual Financial Report

Fiscal year ended June 30, 2016

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TUCSON, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Issued by:
Financial Services Department

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS

| <u>INTRODUCTORY SECTION</u> | <u>Page</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Letter of Transmittal | 1 |
| ASBO Certificate of Excellence | 13 |
| GFOA Certificate of Achievement | 14 |
| Organizational Chart | 15 |
| List of Principal Officials | 16 |
| | |
| <u>FINANCIAL SECTION</u> | |
| INDEPENDENT AUDITOR’S REPORT | 19 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) | 23 |
| | |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 36 |
| Statement of Activities | 37 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 40 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net position | 43 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 44 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 46 |
| Statement of Net position – Proprietary Fund | 47 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS

| <u>FINANCIAL SECTION</u> | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------|-------------|
| BASIC FINANCIAL STATEMENTS | |
| Statement of Revenues, Expenses and Changes in Fund Net position – Proprietary Funds | 48 |
| Statement of Cash Flows – Proprietary Funds | 49 |
| Statement of Assets and Liabilities – Fiduciary Funds | 50 |
| Notes to Financial Statements | 51 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual: | |
| General Fund | 78 |
| Classroom Site Fund | 79 |
| Title I Grants Fund | 80 |
| Schedule of Proportionate Share of the Net Pension Liability | 81 |
| Schedule of Contributions | 81 |
| Notes to Required Supplementary Information | 82 |
| COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES | |
| Governmental Funds: | |
| Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type | 86 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type | 88 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS

| <u>FINANCIAL SECTION</u> | <u>Page</u> |
|-----------------------------------------------------------------------------------------------|-------------|
| COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES | |
| Special Revenue Funds: | |
| Combining Balance Sheet | 94 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 102 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual | 108 |
| Debt Service Fund: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | 136 |
| Capital Projects Funds: | |
| Combining Balance Sheet | 138 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 140 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual | 142 |
| Internal Service Funds: | |
| Combining Statement of Net position | 150 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net position | 151 |
| Combining Statement of Cash Flows | 152 |
| Agency Funds: | |
| Combining Statement of Assets and Liabilities | 154 |
| Combining Statement of Changes in Assets and Liabilities | 155 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS

STATISTICAL SECTION

Financial Trends:

| | |
|----------------------------------------------------------------------------------------|-----|
| Net position by Component | 159 |
| Expenses, Program Revenues, and Net (Expense)/Revenue | 160 |
| General Revenues and Total Changes in Net position | 162 |
| Fund Balances – Governmental Funds | 164 |
| Governmental Funds Revenues | 166 |
| Governmental Funds Expenditures and Debt Service Ratio | 168 |
| Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds | 170 |

Revenue Capacity:

| | |
|------------------------------------------------------------------------------------|-----|
| Net Limited Assessed Value and Estimated Actual Value of Taxable Property by Class | 171 |
| Net Full Cash Assessed Value of Taxable Property by Class | 172 |
| Property Tax Assessment Ratios | 173 |
| Direct and Overlapping Property Tax Rates | 174 |
| Principal Property Taxpayers | 175 |
| Property Tax Levies and Collections | 176 |

Debt Capacity:

| | |
|-----------------------------------------------------|-----|
| Outstanding Debt by Type | 177 |
| Direct and Overlapping Governmental Activities Debt | 178 |
| Direct and Overlapping General Bonded Debt Ratios | 178 |
| Legal Debt Margin Information | 179 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TABLE OF CONTENTS

| <u>STATISTICAL SECTION</u> | <u>Page</u> |
|-------------------------------------------------|-------------|
| Demographic and Economic Information: | |
| County-Wide Demographic and Economic Statistics | 180 |
| Principal Employers | 181 |
| Operating Information: | |
| Full-Time Equivalent District Employees by Type | 182 |
| Operating Statistics | 184 |
| Capital Assets Information | 185 |

Introductory Section



Tucson Unified is where
Students love to **L**earn
Teachers love to **T**each
and People love **W**ork
We are **T**eam TUSD



(This page intentionally left blank)

December 19, 2016

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, 2016.

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, 2016, 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, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit 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 over 47,000 students from Pre-Kindergarten through grade 12. District schools are spread over 230 square miles of the metropolitan Tucson area and certain unincorporated areas of the County. The average age of school structures is 40 years.

TUSD is the second largest school district in Arizona and among the 100 largest school districts 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 80 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. Workers' compensation insurance and certain employee health insurance benefits are provided through legally separate trusts, which function in essence as departments of the District and therefore have been included as an integral part of the District financial statements. The District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and extracurricular activities.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The economy of the District is centered on Pima County, which has a population of 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.

State funding: State Capital budget cuts continue to cause a strain on the District's financial health. In 2015-16 the Arizona Legislature cut an additional \$5.5 million in Capital funding, bringing the total District cut to \$19.5 million. This has forced the District to rely on its Maintenance and Operations Fund to sustain capital needs throughout the District, such as building improvements, school buses, and technology equipment. Capital funding reductions have been in place for the last eight years, and will result in the District losing almost \$117.0 million by the end of the 2016-17 school year. These Capital funding and other reductions to education have led Arizona to rank at the bottom in the nation for per-student funding and expenditures.

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 presentations to the public and the Governing Board to report on the progress of the District toward the goals. The District has achieved or exceeded its first-year goals in each category. The District is currently working on year-two goals.

B. Comprehensive Curriculum:

In 2013-14, a key project 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). In 2014-15, the District launched "Curriculum 2.0," an effort to refine and revise the Curriculum developed the previous year, working with teachers across the District.

C. Electronic Resource and Other Software Planning Systems:

The TUSD Governing Board approved the purchase of a new Electronic Resource Planning (ERP) system on May 27, 2014. This school year, the Infinite Visions system was installed and implemented at the District. Infinite Visions is comprised of integrated financial, human resources, payroll, purchasing, warehouse and fixed asset applications. Key functionality includes position control and inventory, Personnel Action Requests (PARs), contract management, insurance tracking, tracking of employee demographics and certifications, and more. The system also includes iVisions, the web portal that helps District employees work and communicate more efficiently through convenient employee self-services and comprehensive school site functionality. With 24/7 anytime, anywhere access, District employees can view their personal data such as vacation and sick-leave balances, payroll history, and insurance and benefit plan details.

The Infinite Visions ERP system is used by 93 percent of the school districts within Arizona along with many others across the United States. The software was specifically developed for school districts, in contrast to previous systems which were developed to service corporate enterprises.

In conjunction with the new ERP, the district also implemented several new software systems in the 2015-16 school year that have streamlined processes and improved efficiency throughout the district. Many of these systems interface with Infinite Visions.

APPLITRACK

AppliTrack is Tucson Unified School District's online applicant tracking system. The software is an all-in-one platform to accept employment applications, upload required documents, communicate with applicants, schedule interviews, conduct electronic reference checks, sign up for orientation, and data collection as required by the Unitary Status Plan. In addition, AppliTrack allows the Human Resources department to target invitations to diverse applicants encouraging them to apply for positions where they are needed. The AppliTrack system has improved efficiency and allowed Human Resources to better manage the applicant pool while quickly and efficiently bringing the very best talent into our District.

AESOP

Aesop is the automated system used to acquire substitutes for absent teachers. The site administrator or employee enters the absence into the Aesop system and the substitutes then accept the positions they are interested in. This allows for classrooms to be covered in a timely manner. Aesop is also used for accounting purposes in finance and payroll to deduct a certified teacher's absence from their bank of time allowable. A substitute teacher's pay is also calculated through Aesop and determines from which budget code the substitute will be paid.

TIME CLOCK PLUS

Time Clock Plus (TCP) is the District's electronic time-keeping system. The TCP system is used by all hourly employees to document time worked, approve their recorded time at the end of each pay period, and to submit request for leave time. The TCP system is also used by all exempt employees to request leave time and to approve their time record at the end of each pay period. Employees can access the TCP system by using the time clock located at their work site or via the Webclock web application from any computer connected to the District network. TCP directly interfaces with the Infinite Visions systems and transfers all worked and leave time eliminating the need for data entry for payroll processing.

INTOUCH

InTouch Receipting is TUSD's contracted point-of-sale system that is used for payment processing at all schools and Early Learning Centers. In person sales can be handled by each site manager via the terminal application for processing cash, check, credit and debit card payments on student's accounts. The InTouch Receipting Portal allows parents to make these payments on a student's account on-line or the general public to create their own accounts for tax credit donations. On-line reporting users can be set-up to allow any activity's sponsor to run a report on participation fees paid, tax credit donations made, yearbooks sold, etc. from any web browser. The system's customer base is synchronized daily with Synergy, the student information system of record and library/textbook debts are synchronized with TUSD's Destinyweb Textbook system allowing fines to be paid/cleared at any time.

FAMIS

FAMIS (Facilities Asset Maintenance Information System) is the work order system for the Facilities department. It is used to organize and assign work required to maintain buildings and grounds. The web-based system allows Facilities technicians to review, order, schedule, and document work using any mobile device. It also allows the schools/sites to have up-to-date, current data about their requests. The system automatically generates scheduled preventative maintenance work orders for equipment. It also allows Facilities to effectively track labor, parts, and other costs using our reporting tools.

SCHOOLSPACE

SchoolSpace is the District's Facilities Rental System. This system allows customers to browse our facilities, review amenities, and request to rent our facilities, all online. We have over 4,000 pictures of our school sites and spaces available for viewing by internal and external users. It also features a map of the District on the Homepage.

MAPNET

MapNet is bus routing software used by the Transportation Department for planning and managing bus routes and schedules. The system allows the routing team to create the bus routes based on established policies and eligibility rules used to transport students. With this system, routers are able to define patterns and route variations by time, point, bus stop, or street. The system is also used to print out driving directions for our bus drivers. MapNet is used by our schools/sites to look-up route information, bus routes, and stop times.

HORIZON

Horizon Software International serves as a school nutrition technology provider. The system offers integrated school nutrition solutions, an integrated point of sale and back office activity reports, a full food service central warehouse suite complete with inventory, forecasting, production and distribution system. Horizon also provides access to online student meal accounts and facilitates online payments for student meals. It also includes an extensive integrated reporting system for meal claims, production records, nutrition analysis, menu development, menu requisitions and student account information.

HAYES

Still in implementation is the Hayes system, an asset management/bar coding system that will offer more capabilities for tracking the District's assets. Planned capabilities include tracking assets from the receiving dock to delivery to sites and sign-out and sign-in for assets assigned to staff and students. Sites will have the ability to track assets within their sites, which will make taking inventory easier. The system will enable the District to inventory assets that fall below the USFR reporting levels but need to be tracked to monitor for aging. The tracking will assist in the budgeting of future needs is anticipated to enhance the District's stewardship responsibilities.

D. Desegregation Order:

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

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 2013-14 and implemented a staffing and allocation standard to fund schools. The standards were further refined in fiscal year 2014-15 to include standard and supplemental allocations from all funding sources. These new standards reallocated the available resources in a more equitable manner and focused on student achievement and improving the student learning experience at all schools.

Initiatives that are underway and are projected to either start or be completed during fiscal year 2016-17 are as follows:

- The District implemented Synergy, a new Student Information System (SIS) to manage student data, including enrollment, attendance and grades. Synergy provides the capabilities for registering students in courses, documenting grading via Gradebook, homework assignments, transcripts, student assessments student schedules, attendance, and managing many other student-related data needs at our campuses. The system gives students and parents access to student information via computer and mobile devices. Synergy is also the source of student information which enables other applications to interface with and provide additional functionality such as Food Services – via Horizon, Student Finance – via InTouch, ParentLink, School City, Transportation, etc. This system replaced the District's outdated program and is in-line with systems used throughout the state.

- The District continues to build upon its procurement card initiative into the 2016-17 school year, which helped streamline complex operations and significantly reduced the cost and time of purchasing. The program has resulted in more than \$1.9 million in rebates to the District since inception. Proceeds from these funds are being allocated to the District's fine arts, athletics, and other extracurricular programs that will benefit students directly.
- The District continues to use an image management program to convert paper and other documents into a digital format, which reduces the cost of shipping and handling those documents. This will enhance the District's response time and customer service for record requests and document handling.
- With the implementation of the ERP, the District reduced paper work by 75 percent in Payroll by converting paper forms and replacing them with electronic workflow and approval processes. The District is continuing these efforts in other Departments.
- The District continues to use Parentlink, an emergency notification system, to provide timely communications with parents and community members to improve customer service.
- Solar and Energy Management control systems continue to be implemented and maintained districtwide to better manage and reduce utility costs in the District. The expected savings through the life of the contract is \$34.5 million.

Major District Initiatives: The District launched an internship program in partnership with the Tucson Chamber in the summer of 2016. The Intern-to-Employee Program was successful in placing Career & Technical Education students from the automotive program into paid, real-world jobs. In Fall 2016, the partnership was expanded to include students and businesses in Construction, Automotive, Engineering Sciences, Culinary and Sports Medicine.

- The District continued to increase its involvement in the legislative process to ensure the Tucson Unified community has a voice in issues that affect its students and employees.
- On July 12, 2016, the Governing Board adopted a resolution authorizing the issuance and sale of refunding bonds. The District was able to save over \$10.5 million for its taxpayers through this refinancing process.
- Tucson Unified continues to refine its disciplinary practices and in 2015-16 began working with a national consultant to develop best practices for discipline, including the expansion and refinement of measures such as Restorative Practices. That work is expected to be completed for the 2017-18 school year.
- Additionally, the District has emphasized the continued development of Professional Learning Communities to support teachers and staff and to focus on improving student learning.
- Tucson Unified School District has completed year two of the Five-Year Strategic Plan, which contained 25 goals. Work is underway to meet the year-three goals.

In Communication:

- Help teachers and administrators share the plan with parents and students
- Expand information and outreach channels
- Identify and mobilize a District-level crisis management team to facilitate parent engagement during emergency situations
- Address communication needs and establish communication channels.
- Create a family-focused culture that engages volunteers and community members by using champion teams for community outreach

In Curriculum:

- Design a curriculum that includes authentic assessments for content areas that are embedded within the curriculum with exemplar lessons that are aligned to 75 percent of the standards
- Ensure all third-year teachers and beyond meet the needs of every learner by delivering culturally responsive curriculum that engages students and ensure those teachers proficient in effectively measuring student progress through the use of aligned and common formative assessments of learning
- Ensure all designated support personnel attend bi-weekly professional development to develop the capacity to provide purposeful professional development at the site level that is decentralized based on differentiated site needs
- Collect and analyze English Language Arts, Mathematics, Writing, and Science data and provide staff development on how to appropriately use the data to drive instructional decisions
- TUSD will implement a standardized measurement system with common weekly assessments aligned to the curriculum and provide professional development on the effective use of formative data

In Diversity:

- Establish and maintain Math and Science Courses for HS
- Monitor and review human resources hiring practices
- Pilot middle schools will establish an after-school foreign language program that follows its feeder pattern
- Create a highly qualified and viable workforce to implement Advanced Learning Opportunities/accelerated course work
- Ensure that every school has a designated person to be the liaison between the site and the Family Engagement Centers

In Facilities:

- Certify facilities for energy efficiency
- 10% completion of the long-range Master Facilities Plan
- Facility's organization structure: Change to accommodate maintenance and customer service needs.
- Technology plan: Implement Student Information System
- Improve the badging system

In Finance:

- Define and prioritize the CORE business processes from Finance, HR, and key District operational processes; map the system capability/ functionality to the business processes to ensure seamless integration for automated solutions. Evaluate existing assets/resources and make recommendation for a bond and/or override election
- Increase the capacity of the District to disseminate financial briefings and updates to stakeholders at the District and site level
- TUSD will ensure District transparency by disseminating information on how the District is utilizing funding and resources
- TUSD will expand the comprehensive grants plan to include partnerships

AWARDS AND ACKNOWLEDGMENT

Awards.

Here are some of Tucson Unified School District's awards and accomplishments:

- 2016 Metropolitan Pima Alliance Common Ground Award for Steps to Success
- 2016 Metropolitan Pima Alliance Common Ground Award for partnership in Garden to Cafeteria program
- 2016 Impact Award from the Public Relations Society of America for the #TeamTUSD initiative
- 2016 Impact Award from the Public Relations Society of America for the National Foundation for Governors' Fitness Councils Fitness Center Award for Hollinger K-8
- 2016 Superintendent to Watch, National School Public Relations Association
- 2016 CoxConnect2 STEM Creative Media Award
- 2016 Award of Excellence, Facilities Master Plan video, Arizona School Public Relations Association
- 2016 Best Practices Award for Playground Inspection Program, Arizona Association of School Business Officials
- 2016 BrightEE Award, Tucson Electric Power
- 2015-16 Merit Awards from Magnet Schools of America: Carrillo K-5 Magnet School, Tucson High Magnet School, Davis Bilingual Magnet School, Mansfeld Magnet Middle School
- 2015 Expect More Arizona Award for the Steps to Success program. The program, where volunteers go door-to-door to help children come back to school, has brought back more than 300 students so far; forty-one have graduated. The fourth walk was held on Friday, January 15, 2016, and other Tucson school districts are planning to follow TUSD's lead in the summer.
- 2015 Impact Award Certificate of Excellence from the Public Relations Society of America for #RWB4Borman campaign where Tucson Unified asked the community to wear red, white and blue to support military families.
- 2015 College Board's AP Honor Roll: Tucson Unified School District is one of 425 school districts in the U.S. and Canada honored by the College Board with placement on the 6th Annual AP® District Honor Roll for increasing access to AP course work while simultaneously maintaining or increasing the percentage of students earning scores of 3 or higher on AP Exams.

- 2015 National Blue Ribbon School, Drachman Montessori Magnet Elementary School
- 2015 A+ Schools of Excellence, Carrillo Magnet School and Dodge Traditional Magnet Middle School
- 2015 U.S. Environmental Protection Agency National Green Power Community Rankings
- Ranked #2 of the Top 30 K-12 Schools. Also on the list: Austin (TX) Independent School District and Arlington County (VA) Public Schools
- Ranked #12 of Top 30 for On-site Generation. Also on the list: Apple, Google, Wal-Mart and the cities of San Diego, CA and Las Vegas, NV
- 2015 Governor's Award for Energy and Technology Innovation
- 2014 Metropolitan Pima Alliance Common Ground Award for Five Year Strategic Plan
- 2015: Human Resources Wellness awards: Official Gold Seal of Good Health Keeping for 2015-16; Anna Maiden, Chief Human Resources Officer, Champion of Worksite Wellness for Senior Leadership; Michelle Garcia, Human Resources Associate, Champion of Worksite Wellness for Wellness Committee; Alex Rodriguez, Magnet Coordinator, Champion of Worksite Wellness for Personal Achievement.
- 2015 Financial Awards
 - April 2015 – Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting Award for Fiscal Year Ended June 30, 2014.
 - May 2015 – Government Finance Officers Association Certificate of Excellence in Financial Reporting for Fiscal Year Ended June 30, 2014.
- 2014 People's Choice Award from Expect More Arizona for our Infant and Early Learning Centers at Schumaker and Brichta

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, 2015. This was the thirtieth 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, 2015. 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, 2016 certificates.


Accomplishments: The District was guided by its first-year goals in its Five-Year Strategic Plan in implementing improvements including the following:

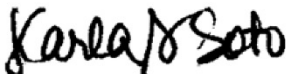
- The District's solar energy program has been rated No. 12 on the Environmental Protection Agency's Top 30 On-Site Generation list and is No. 2 on the Top 30 K-12 School List. The solar energy program was recognized in October with the 2015 Green Power Leadership Award from the EPA.
- The District's effort to show support to children affected by Davis-Monthan's biggest deployment in history was awarded an Impact Award Certificate of Excellence by the Southern Arizona Chapter of the Public Relations Society of America.
- One of the key operational improvements the District set out to make was to implement a financial and budgeting system that would streamline systems and help the district become more transparent. That system is now in place and other ancillary systems are being implemented throughout fiscal year 2016 and fiscal year 2017 to enhance District operations and efficiency.
- The District was recognized for excellence in financial reporting. In April 2015, we earned a Certificate of Excellence from the Association of School Business Officials International, and in May 2015 we earned a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- Tucson Unified made the College Board's AP Honor Roll for increasing access and success on Advanced Placement course work and tests.
- The U.S. Department of Education named Drachman Montessori Magnet Elementary School a 2015 National Blue Ribbon School.
- Carrillo K-5 Communication and Creative Awards Magnet School and Dodge Traditional Magnet Middle School were named A+ Schools of Excellence by the Arizona Education Foundation.
- The District's Infant & Early Learning Centers were recognized by Expect More Arizona.
- Despite budget cuts, the District awarded most employees with two pay raises.
- The District sold off or repurposed closed schools.

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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

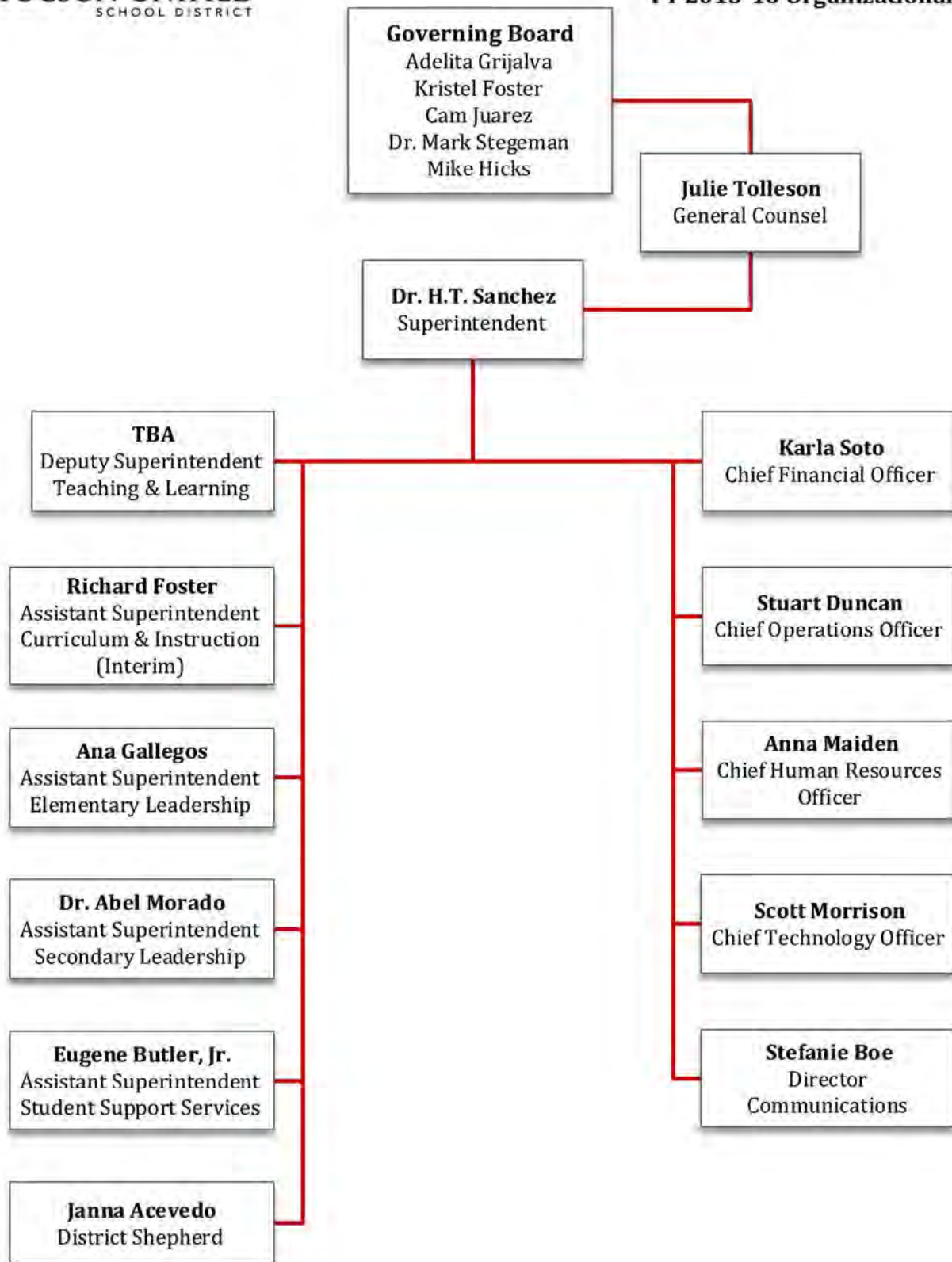
Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



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, INTERIM

Abel Morado, Ed.D.

ASSISTANT SUPERINTENDENT CURRICULUM & INSTRUCTION, INTERIM

Richard Foster

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

Scott Morrison

Financial Section



Tucson Unified is where
Students love to **L**earn
Teachers love to **T**each
and People love **to** Work
We are **e** Team TUSD



(This page intentionally left blank)

INDEPENDENT AUDITOR'S REPORT

Governing Board
Tucson Unified School District No. 1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tucson Unified School District No. 1 (District), as of and for the year ended June 30, 2016, 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, 2016, 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. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, 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, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, 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.
Tucson, Arizona
December 19, 2016

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

(This page intentionally left blank)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

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, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$29.9 million which represents an increase of 22 percent from the prior fiscal year primarily due to pension contributions exceeding the associated pension expense of the current year.
- General revenues accounted for \$369.0 million in revenue, or 82 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$78.6 million or 18 percent of total current fiscal year revenues.
- The District had approximately \$417.8 million in expenses related to governmental activities, an increase of less than one percent from the prior fiscal year.
- Among major funds, the General Fund had \$304.7 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$302.7 million in expenditures. The General Fund's fund balance increase from \$29.5 million at the prior fiscal year end to \$32.4 million at the end of the current fiscal year was primarily due to increased state aid revenues.
- Net position for the Internal Service Funds decreased \$635,322 from the prior fiscal year. Operating expenses of \$31.8 million exceeded operating revenues of \$30.8 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

OVERVIEW OF FINANCIAL STATEMENTS

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Classroom Site, Title I Grants, 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 and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$163.4 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, 2016 and June 30, 2015.

| | As of <u>June 30, 2016</u> | As of <u>June 30, 2015</u> |
|----------------------------------|-------------------------------|-------------------------------|
| Current and other assets | \$ 171,023,561 | \$ 164,130,905 |
| Capital assets, net | 691,609,103 | 711,632,857 |
| Total assets | <u>862,632,664</u> | <u>875,763,762</u> |
| Deferred outflows | <u>41,936,034</u> | <u>51,110,323</u> |
| Current and other liabilities | 52,254,992 | 47,055,793 |
| Long-term liabilities | <u>628,763,947</u> | <u>641,563,081</u> |
| Total liabilities | <u>681,018,939</u> | <u>688,618,874</u> |
| Deferred inflows | <u>60,134,275</u> | <u>104,689,837</u> |
| Net position: | | |
| Net investment in capital assets | 485,420,031 | 483,557,940 |
| Restricted | 47,868,859 | 51,883,159 |
| Unrestricted | <u>(369,873,406)</u> | <u>(401,875,725)</u> |
| Total net position | <u>\$ 163,415,484</u> | <u>\$ 133,565,374</u> |

At the end of the current fiscal year the District reported a negative unrestricted net position of \$369.9 million as a result of unfunded pension liability. Positive net position was reported in the other two categories.

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

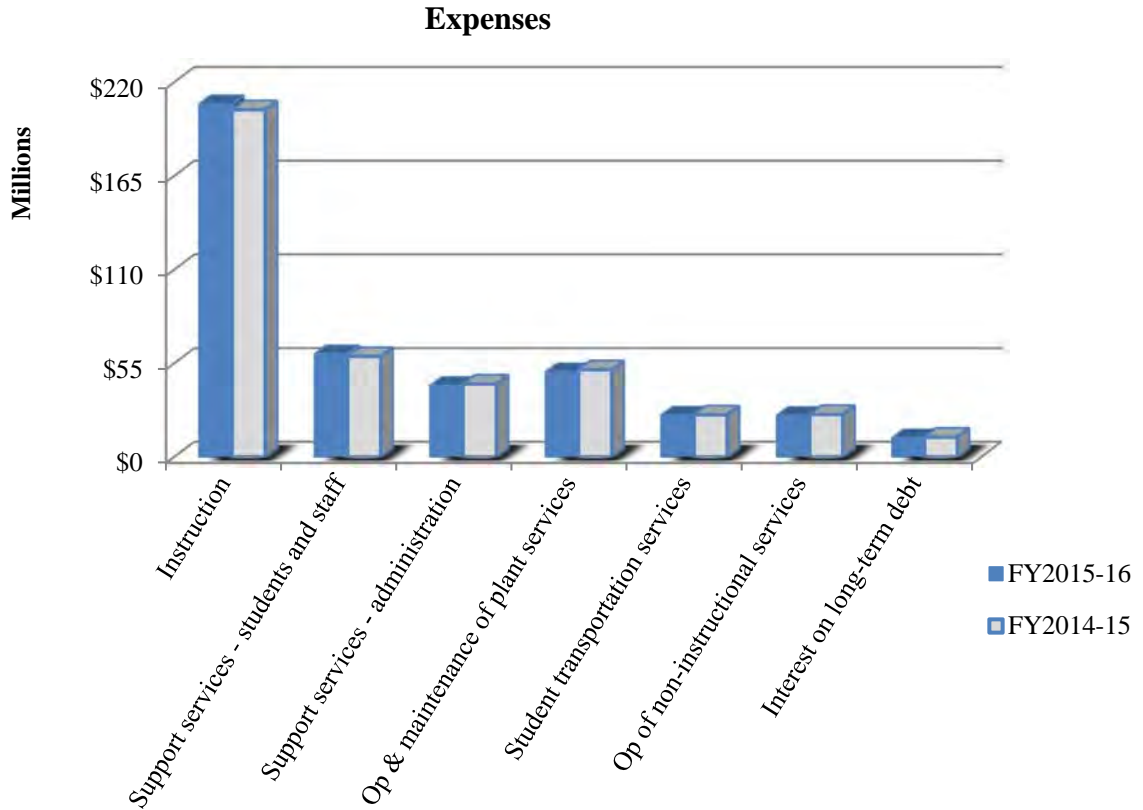
- The net addition of \$10.1 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The increase of \$13.1 million in pension liabilities.
- The depreciation of capital assets resulting in an increase of \$27.1 million in accumulated depreciation.
- The reduction of \$9.0 million in capital lease obligations.
- The reduction of \$14.8 million in bonds payable.

Changes in net position. The District's total revenues for the current fiscal year were \$447.6 million. The total cost of all programs and services was \$417.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

| | Fiscal Year Ended <u>June 30, 2016</u> | Fiscal Year Ended <u>June 30, 2015</u> |
|---------------------------------------------|----------------------------------------------|----------------------------------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 11,961,854 | \$ 11,991,455 |
| Operating grants and contributions | 64,212,609 | 62,655,672 |
| Capital grants and contributions | 2,441,185 | 4,430,655 |
| General revenues: | | |
| Property taxes | 180,271,189 | 182,318,902 |
| Investment income | 557,570 | 530,244 |
| Unrestricted county aid | 13,151,610 | 13,033,210 |
| Unrestricted state aid | 171,211,671 | 164,102,726 |
| Unrestricted federal aid | 3,831,545 | 2,158,284 |
| Total revenues | <u>447,639,233</u> | <u>441,221,148</u> |
| Expenses: | | |
| Instruction | 206,973,703 | 203,639,013 |
| Support services – students and staff | 60,250,541 | 58,847,288 |
| Support services – administration | 41,637,711 | 42,670,490 |
| Operation and maintenance of plant services | 49,688,066 | 51,097,685 |
| Student transportation services | 24,277,391 | 24,594,918 |
| Operation of non-instructional services | 24,028,856 | 24,786,616 |
| Interest on long-term debt | 10,932,855 | 11,501,715 |
| Total expenses | <u>417,789,123</u> | <u>417,137,725</u> |
| Changes in net position | 29,850,110 | 24,083,423 |
| Net position, beginning | <u>133,565,374</u> | <u>109,481,951</u> |
| Net position, ending | <u>\$ 163,415,484</u> | <u>\$ 133,565,374</u> |

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The increase of \$7.1 million in state aid is due to an increase in the base level support of the state funding formula.
- The decrease of \$2.0 million in capital grants and contributions was due to E-Rate funding operational costs instead of capital projects in the current year.
- The increase of \$1.7 million in unrestricted federal aid was due to a Medicaid cost settlement.

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, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

| | <u>Year Ended June 30, 2016</u> | | <u>Year Ended June 30, 2015</u> | |
|---------------------------------------------|---------------------------------|------------------------------|---------------------------------|------------------------------|
| | Total Expenses | Net (Expense)/ Revenue | Total Expenses | Net (Expense)/ Revenue |
| Instruction | \$ 206,973,703 | \$(165,816,880) | \$ 203,639,013 | \$ (162,639,329) |
| Support services – students and staff | 60,250,541 | (50,236,974) | 58,847,288 | (50,471,337) |
| Support services – administration | 41,637,711 | (40,519,752) | 42,670,490 | (41,341,183) |
| Operation and maintenance of plant services | 49,688,066 | (45,702,685) | 51,097,685 | (46,716,268) |
| Student transportation services | 24,277,391 | (24,276,609) | 24,594,918 | (24,587,118) |
| Operation of non-instructional services | 24,028,856 | (3,541,189) | 24,786,616 | (3,168,896) |
| Interest on long-term debt | 10,932,855 | (9,079,386) | 11,501,715 | (9,135,812) |
| Total | <u>\$ 417,789,123</u> | <u>\$(339,173,475)</u> | <u>\$ 417,137,725</u> | <u>\$ (338,059,943)</u> |

- The cost of all governmental activities this year was \$417.8 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$78.6 million.
- Net cost of governmental activities of \$339.2 million was financed by general revenues, which are made up of primarily property taxes of \$180.3 million and state aid of \$171.2 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 \$80.0 million, an increase of \$1.0 million.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 41 percent of the total fund balance. Approximately \$1.5 million, or five percent of the General Fund's fund balance is nonspendable as it is reserved for inventory. The remaining \$30.9 million is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$2.9 million to \$32.4 million as of fiscal year end was a result of efforts by the District to maximize cash carryforward for future year's expenditures. General Fund revenues increased \$13.8 million as a result of an increase in state aid and grants. General Fund expenditures increased \$7.6 million.

Classroom Site Fund revenues increased \$1.5 million while expenditures decreased \$176,740.

Title I Grants Fund revenues and expenditures decreased \$28,138 and \$748,490, respectively.

The Unrestricted Capital Outlay Fund's fund balance decreased from \$3.3 million to \$2.1 million due to the utilization of fund balance for capital projects and debt payments, due to a reduction in capital funding from the state.

Proprietary funds. During the current fiscal year, the District's contributions to the internal service funds were \$30.3 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 \$26.8 million. Net position decreased \$635,322 from the prior fiscal year.

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 \$1.9 million increase, an increase 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. The significant variances are summarized as follows.

- The favorable variance of \$4.5 million in operation and maintenance of plant services was a result of savings in utility costs and other cost saving measures.
- The favorable variances of \$2.8 million in instruction and \$1.2 million support services – students and staff were both a result of budgeting the maximum budget carryforward possible to provide capacity in future years.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$1.1 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 \$4.1 million from the prior fiscal year, primarily due to the completion of energy management projects. Total depreciation expense for the year was \$27.1 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2016 and June 30, 2015.

| | As of <u>June 30, 2016</u> | As of <u>June 30, 2015</u> |
|-----------------------------------|-------------------------------|-------------------------------|
| Capital assets – non-depreciable | \$ 14,784,369 | \$ 38,909,655 |
| Capital assets – depreciable, net | <u>676,824,734</u> | <u>672,723,202</u> |
| Total | <u>\$ 691,609,103</u> | <u>\$ 711,632,857</u> |

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$207.5 million in long-term debt outstanding, \$21.2 million due within one year. Long-term debt decreased by \$23.8 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 net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$944.0 million and the Class B debt limit is \$629.3 million, which are more than the District's total outstanding general obligation and Class B debt, respectively. Additional information on the District's long-term debt can be found in Notes 7 through 9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-17 budget. Among them:

- Fiscal year 2015-16 budget balance carry forward (estimated \$9.0 million).
- District student population used to allocate resources to the sites (estimated 47,489 with Pre-K, 46,445 without Pre-K).
- Technology and operation initiatives, energy conservation, and technology infrastructure.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Budgeted expenditures in the General Fund increased two percent to \$309.0 million in fiscal year 2016-17 due to an increase in state aid through increases to the base support level and additional funding through Proposition 123.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2016

| | Governmental Activities |
|-------------------------------------------------|----------------------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and investments | \$ 65,483,055 |
| Cash and investments-restricted | 1,121,636 |
| Property taxes receivable | 14,703,417 |
| Accounts receivable | 1,326,374 |
| Due from governmental entities | 85,909,157 |
| Inventory | 2,176,198 |
| Total current assets | 170,719,837 |
| Noncurrent assets: | |
| Cash and investments-restricted | 303,724 |
| Capital assets not being depreciated | 14,784,369 |
| Capital assets, net of accumulated depreciation | 676,824,734 |
| Total noncurrent assets | 691,912,827 |
| Total assets | 862,632,664 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred charges on refunding | 5,663,613 |
| Pension plan items | 36,272,421 |
| Total deferred outflows of resources | 41,936,034 |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Accounts payable | 18,949,105 |
| Claims payable | 2,667,365 |
| Due to governmental entities | 32,569 |
| Accrued payroll and employee benefits | 26,782,072 |
| Compensated absences payable | 2,569,533 |
| Unearned revenues | 294,831 |
| Obligations under capital leases | 7,807,816 |
| Bonds payable | 13,370,000 |
| Total current liabilities | 72,473,291 |
| Noncurrent liabilities: | |
| Claims payable | 3,529,050 |
| Non-current portion of long-term obligations | 605,016,598 |
| Total noncurrent liabilities | 608,545,648 |
| Total liabilities | 681,018,939 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Pension plan items | 60,134,275 |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 485,420,031 |
| Restricted for: | |
| Instructional purposes | 21,353,397 |
| Federal and state projects | 659,733 |
| Food service | 2,255,205 |
| Debt service | 6,258,790 |
| Capital outlay | 4,193,229 |
| Non-instructional purposes | 13,148,505 |
| Unrestricted | (369,873,406) |
| Total net position | \$ 163,415,484 |

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, 2016

| 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 | \$ 206,973,703 | \$ 8,055,467 | \$ 31,250,777 | \$ 1,850,579 | \$ (165,816,880) |
| Support services - students and staff | 60,250,541 | | 10,013,567 | | (50,236,974) |
| Support services - administration | 41,637,711 | | 1,117,959 | | (40,519,752) |
| Operation and maintenance of plant services | 49,688,066 | 1,129,835 | 2,855,546 | | (45,702,685) |
| Student transportation services | 24,277,391 | | 782 | | (24,276,609) |
| Operation of non-instructional services | 24,028,856 | 2,776,552 | 17,711,115 | | (3,541,189) |
| Interest on long-term debt | 10,932,855 | | 1,262,863 | 590,606 | (9,079,386) |
| Total governmental activities | \$ 417,789,123 | \$ 11,961,854 | \$ 64,212,609 | \$ 2,441,185 | (339,173,475) |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | | | | | 141,731,194 |
| Property taxes, levied for debt service | | | | | 24,614,671 |
| Property taxes, levied for capital outlay | | | | | 13,925,324 |
| Investment income | | | | | 557,570 |
| Unrestricted county aid | | | | | 13,151,610 |
| Unrestricted state aid | | | | | 171,211,671 |
| Unrestricted federal aid | | | | | 3,831,545 |
| Total general revenues | | | | | 369,023,585 |
| Changes in net position | | | | | 29,850,110 |
| Net position, beginning of year | | | | | 133,565,374 |
| Net position, end of year | | | | | \$ 163,415,484 |

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

FUND FINANCIAL STATEMENTS

(This page intentionally left blank)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

| | General | Classroom Site | Title I Grants |
|--------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 3,146,619 | \$ 14,101,486 | \$ |
| Cash and investments-restricted | | | |
| Property taxes receivable | 11,439,335 | | |
| Accounts receivable | 582,829 | | |
| Due from governmental entities | 57,230,709 | 1,533,363 | 14,301,383 |
| Due from other funds | | 6,034,944 | |
| Inventory | 1,532,880 | | |
| Total assets | \$ 73,932,372 | \$ 21,669,793 | \$ 14,301,383 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 5,445,229 | \$ | \$ 501,917 |
| Due to governmental entities | | | |
| Due to other funds | 6,928,512 | | 11,528,737 |
| Accrued payroll and employee benefits | 20,285,546 | 862,438 | 2,270,729 |
| Unearned revenues | 31,990 | | |
| Total liabilities | 32,691,277 | 862,438 | 14,301,383 |
| Deferred inflows of resources: | | | |
| Unavailable revenues - property taxes | 8,837,192 | | |
| Unavailable revenue - intergovernmental | | | |
| Total deferred inflows of resources | 8,837,192 | | |
| Fund balances (deficits): | | | |
| Nonspendable | 1,532,880 | | |
| Restricted | | 20,807,355 | |
| Committed | | | |
| Unassigned | 30,871,023 | | |
| Total fund balances | 32,403,903 | 20,807,355 | |
| Total liabilities, deferred inflows of resources and fund balances | \$ 73,932,372 | \$ 21,669,793 | \$ 14,301,383 |

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

| <u>Unrestricted Capital Outlay</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------------------------------|---------------------------------------------|-----------------------------------------|
| \$ | \$ | \$ |
| 1,280,673 | 12,444,328 | 29,692,433 |
| 943,050 | 144,687 | 1,425,360 |
| | 2,321,032 | 14,703,417 |
| | 426,827 | 1,009,656 |
| 5,785,953 | 7,057,749 | 85,909,157 |
| 3,326,293 | 13,141,675 | 22,502,912 |
| | 643,318 | 2,176,198 |
| <u>\$ 11,335,969</u> | <u>\$ 36,179,616</u> | <u>\$ 157,419,133</u> |

| | | |
|------------------|------------------|-------------------|
| \$ 8,590,258 | \$ 1,298,205 | \$ 15,835,609 |
| | 32,569 | 32,569 |
| | 4,045,663 | 22,502,912 |
| | 3,363,359 | 26,782,072 |
| 2,109 | 260,732 | 294,831 |
| <u>8,592,367</u> | <u>9,000,528</u> | <u>65,447,993</u> |

| | | |
|----------------|------------------|-------------------|
| 690,121 | 1,871,238 | 11,398,551 |
| | 606,521 | 606,521 |
| <u>690,121</u> | <u>2,477,759</u> | <u>12,005,072</u> |

| | | |
|------------------|-------------------|-------------------|
| | 643,318 | 2,176,198 |
| 2,053,481 | 21,840,143 | 44,700,979 |
| | 2,419,323 | 2,419,323 |
| | (201,455) | 30,669,568 |
| <u>2,053,481</u> | <u>24,701,329</u> | <u>79,966,068</u> |

| | | |
|----------------------|----------------------|-----------------------|
| <u>\$ 11,335,969</u> | <u>\$ 36,179,616</u> | <u>\$ 157,419,133</u> |
|----------------------|----------------------|-----------------------|

(This page intentionally left blank)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total governmental fund balances **\$ 79,966,068**

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 | \$ 1,066,381,201 | |
| Less accumulated depreciation | <u>(374,772,098)</u> | 691,609,103 |

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

| | | |
|-------------------|----------------|------------|
| Property taxes | 11,398,551 | |
| Intergovernmental | <u>606,521</u> | 12,005,072 |

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

| | | |
|------------------------------|------------------|--------|
| Bond premium | (5,641,634) | |
| Deferred charge on refunding | <u>5,663,613</u> | 21,979 |

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

| | | |
|----------------------------------------------------|---------------------|--------------|
| Deferred outflows of resources related to pensions | 36,272,421 | |
| Deferred inflows of resources related to pensions | <u>(60,134,275)</u> | (23,861,854) |

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.

26,797,429

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

| | | |
|----------------------------------|----------------------|----------------------|
| Compensated absences payable | (14,593,845) | |
| Obligations under capital leases | (38,681,239) | |
| Net pension liability | (400,992,229) | |
| Bonds payable | <u>(168,855,000)</u> | <u>(623,122,313)</u> |

Net position of governmental activities **\$ 163,415,484**

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, 2016

| | <u>General</u> | <u>Classroom Site</u> | <u>Title I Grants</u> |
|----------------------------------------------------------|----------------------|-----------------------|-----------------------|
| Revenues: | | | |
| Other local | \$ 16,864,780 | \$ 82,994 | \$ |
| Property taxes | 140,929,717 | | |
| State aid and grants | 143,044,757 | 18,400,348 | |
| Federal aid, grants and reimbursements | 3,831,545 | | 22,957,519 |
| Total revenues | <u>304,670,799</u> | <u>18,483,342</u> | <u>22,957,519</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 144,298,810 | 12,586,329 | 13,976,844 |
| Support services - students and staff | 47,719,146 | 486,067 | 5,837,950 |
| Support services - administration | 40,561,737 | | 833,095 |
| Operation and maintenance of plant services | 47,252,702 | | 60,434 |
| Student transportation services | 21,871,345 | | 450 |
| Operation of non-instructional services | 651,627 | | |
| Capital outlay | 361,716 | | 878,744 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>302,717,083</u> | <u>13,072,396</u> | <u>21,587,517</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,953,716</u> | <u>5,410,946</u> | <u>1,370,002</u> |
| Other financing sources (uses): | | | |
| Transfers in | 3,066,498 | | |
| Transfers out | (2,101,229) | | (1,370,002) |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | <u>965,269</u> | | <u>(1,370,002)</u> |
| Changes in fund balances | <u>2,918,985</u> | <u>5,410,946</u> | |
| Fund balances, beginning of year | 29,520,228 | 15,396,409 | |
| Increase (decrease) in reserve for inventory | (35,310) | | |
| Fund balances, end of year | <u>\$ 32,403,903</u> | <u>\$ 20,807,355</u> | <u>\$</u> |

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

| Unrestricted Capital Outlay | Non-Major Governmental Funds | Total Governmental Funds |
|--------------------------------|------------------------------------|--------------------------------|
| \$ 148,216 | \$ 12,919,770 | \$ 30,015,760 |
| 13,939,717 | 24,461,547 | 179,330,981 |
| 6,634,477 | 3,845,842 | 171,925,424 |
| | 38,505,257 | 65,294,321 |
| <u>20,722,410</u> | <u>79,732,416</u> | <u>446,566,486</u> |
| | 13,309,623 | 184,171,606 |
| | 8,211,722 | 62,254,885 |
| | 1,162,139 | 42,556,971 |
| | 2,612,658 | 49,925,794 |
| | 251,965 | 22,123,760 |
| | 23,924,016 | 24,575,643 |
| 16,105,932 | 9,002,649 | 26,349,041 |
| 7,363,102 | 16,422,311 | 23,785,413 |
| 570,806 | 10,500,926 | 11,071,732 |
| <u>24,039,840</u> | <u>85,398,009</u> | <u>446,814,845</u> |
| <u>(3,317,430)</u> | <u>(5,665,593)</u> | <u>(248,359)</u> |
| | 2,101,242 | 5,167,740 |
| | (1,696,509) | (5,167,740) |
| | 1,426,879 | 1,426,879 |
| | <u>1,831,612</u> | <u>1,426,879</u> |
| <u>(3,317,430)</u> | <u>(3,833,981)</u> | <u>1,178,520</u> |
| 5,370,911 | 28,669,494 | 78,957,042 |
| | (134,184) | (169,494) |
| <u>\$ 2,053,481</u> | <u>\$ 24,701,329</u> | <u>\$ 79,966,068</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, 2016

Changes in fund balances - total governmental funds **\$ 1,178,520**

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 | \$ 10,057,049 | |
| Less current year depreciation | <u>(27,096,182)</u> | (17,039,133) |

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

| | | |
|-------------------|----------------|-----------|
| Property taxes | 940,208 | |
| Intergovernmental | <u>379,545</u> | 1,319,753 |

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 | 8,985,413 | |
| Bond principal retirement | <u>14,800,000</u> | 23,785,413 |

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

| | | |
|------------------------------------|--------------------|------------|
| Current year pension contributions | 25,330,213 | |
| Pension expense | <u>(2,395,492)</u> | 22,934,721 |

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.

| | | |
|-------------------------------------|------------------|-------------|
| Inventory | (169,494) | |
| Loss on disposal of assets | (2,984,621) | |
| Amortization of deferred bond items | 138,877 | |
| Compensated absences | <u>1,321,396</u> | (1,693,842) |

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.

(635,322)

Changes in net position in governmental activities **\$ 29,850,110**

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, 2016

| | Governmental Activities: Internal Service Funds |
|------------------------------|----------------------------------------------------------|
| | |
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and investments | \$ 35,790,622 |
| Accounts receivable | 316,718 |
| Total current assets | 36,107,340 |
| Total assets | 36,107,340 |
| | |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Accounts payable | 3,113,496 |
| Claims payable | 2,667,365 |
| Total current liabilities | 5,780,861 |
| Noncurrent liabilities: | |
| Claims payable | 3,529,050 |
| Total noncurrent liabilities | 3,529,050 |
| Total liabilities | 9,309,911 |
| | |
| <u>NET POSITION</u> | |
| Unrestricted | 26,797,429 |
| Total net position | \$ 26,797,429 |

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, 2016

| | Governmental Activities: Internal Service Funds |
|-----------------------------------------------|----------------------------------------------------------|
| Operating revenues: | |
| Contributions | \$ 30,275,316 |
| Other | 567,578 |
| Total operating revenues | <u>30,842,894</u> |
| Operating expenses: | |
| Claims | 26,164,854 |
| Premiums | 3,308,010 |
| Administrative fees | 2,205,853 |
| Other | 76,482 |
| Total operating expenses | <u>31,755,199</u> |
| Operating income (loss) | <u>(912,305)</u> |
| Nonoperating revenues (expenses): | |
| Investment income | 276,983 |
| Total nonoperating revenues (expenses) | <u>276,983</u> |
| Changes in net position | <u>(635,322)</u> |
| Total net position, beginning of year | 27,432,751 |
| Total net position, end of year | <u><u>\$ 26,797,429</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, 2016

| | Governmental Activities: Internal Service Funds |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <u>Increase in Cash and Cash Equivalents</u> | |
| Cash flows from operating activities: | |
| Cash received from contributions | \$ 32,138,484 |
| Cash payments for claims | (27,244,769) |
| Cash payments to suppliers for goods and services | (2,503,290) |
| Net cash provided by operating activities | 2,390,425 |
| Cash flows from investing activities: | |
| Investment income | 276,983 |
| Net cash provided by investing activities | 276,983 |
| Net increase in cash and cash equivalents | 2,667,408 |
| Cash and cash equivalents, beginning of year | 33,123,214 |
| Cash and cash equivalents, end of year | \$ 35,790,622 |
| <u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u> | |
| Operating loss | \$ (912,305) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Changes in assets and liabilities: | |
| Increase in accounts receivable | (316,718) |
| Decrease in due from other funds | 2,179,886 |
| Increase in accounts payable | 3,087,055 |
| Decrease in claims payable | (1,647,493) |
| Total adjustments | 3,302,730 |
| Net cash provided by operating activities | \$ 2,390,425 |

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, 2016

| | <u>Agency</u> |
|---------------------------|---------------------|
| <u>ASSETS</u> | |
| Cash and investments | \$ 6,086,871 |
| Total assets | <u>\$ 6,086,871</u> |
| <u>LIABILITIES</u> | |
| Deposits held for others | \$ 3,361,893 |
| Due to student groups | <u>2,724,978</u> |
| Total liabilities | <u>\$ 6,086,871</u> |

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also enhances accountability and transparency through revised note disclosures.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

Certain resources set aside for future purchases related to the continued implementation of an enterprise resource planning system and capital improvement projects 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. Trust accounts, recorded in the Unrestricted Capital Outlay and Energy and Water Savings Funds, are 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

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

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

H. Inventory

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Capital assets are depreciated using the straight line method over the 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. Pensions

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Long-term Obligations

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

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

O. Interfund Activity

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

P. 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.

Q. Estimates

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

| | General Fund | Classroom Site Fund | Unrestricted Capital Outlay Fund | Non-Major Governmental Funds |
|--------------------------------------------------------|-----------------|------------------------|----------------------------------------|------------------------------------|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 1,532,880 | \$ | \$ | \$ 643,318 |
| Restricted: | | | | |
| Debt service | | | | 3,810,953 |
| Capital projects | | | 2,053,481 | 1,419,705 |
| Voter approved initiatives – instructional purposes | | 20,807,355 | | 546,042 |
| Federal and state projects | | | | 659,733 |
| Food service | | | | 2,255,205 |
| Civic center | | | | 3,860,869 |
| Community school | | | | 568,545 |
| Extracurricular activities | | | | 6,703,969 |
| Other purposes | | | | 2,015,122 |
| Committed: | | | | |
| School improvements | | | | 2,419,323 |
| Unassigned | 30,871,023 | | | (201,455) |
| Total fund balances | \$32,403,903 | \$ 20,807,355 | \$ 2,053,481 | \$ 24,701,329 |

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the Building Renewal Fund, a non-major governmental fund, reported a deficit of \$201,455 in fund balance.

The deficit arose because of late reimbursement of project costs. Additional revenues received in fiscal year 2016-17 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, 2016

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 \$20,848,051 and the bank balance was \$26,082,514, which includes \$4,827,379 held with the trustee. At year end, all of the District’s deposits were covered by collateral held by the pledging financial institution in the District’s name.

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

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

The State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools 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. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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

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

| Investment Type | Category | Investment Maturities (in Years) | | |
|--------------------------------------|----------------|----------------------------------|-----------------------------|----------------------|
| | | Fair Value | Less than 1 | 1-5 |
| Money Market - U.S Treasuries | Level 1 | \$ 2,876,583 | \$ 2,876,583 | \$ |
| U.S. Agencies | Level 2 | 5,600,000 | | 5,600,000 |
| Certificates of Deposit - negotiable | Level 2 | 9,119,000 | 4,320,000 | 4,799,000 |
| Total | | | <u>\$ 7,196,583</u> | <u>\$ 10,399,000</u> |
| County Treasurer’s investment pool | Not applicable | 33,819,843 | 203 days average maturities | |
| State Treasurer’s investment pool 7 | Not applicable | 731,809 | 73 days average maturities | |
| Total | | <u>\$ 52,147,235</u> | | |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CASH AND INVESTMENTS

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County and State Treasurers’ investment pools did not receive a credit quality rating from a national rating agency. The State Treasurer’s investment pool 7 had a weighted average rating of 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 | \$ 307,274 | \$ | \$14,301,383 | \$ | \$ 6,250,537 |
| Due from state government | 56,552,540 | 1,533,363 | | 5,782,207 | 807,212 |
| Due from county government | 370,895 | | | 3,746 | |
| Net due from governmental entities | <u>\$ 57,230,709</u> | <u>\$ 1,533,363</u> | <u>\$14,301,383</u> | <u>\$ 5,785,953</u> | <u>\$ 7,057,749</u> |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 | \$ 14,436,782 | \$ | \$ | \$ 14,436,782 |
| Construction in progress | 24,472,873 | 8,576,767 | 32,702,053 | 347,587 |
| Total capital assets, not being depreciated | <u>38,909,655</u> | <u>8,576,767</u> | <u>32,702,053</u> | <u>14,784,369</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 76,321,551 | 220,134 | 225,532 | 76,316,153 |
| Buildings and improvements | 874,630,148 | 31,612,751 | 2,632,823 | 903,610,076 |
| Vehicles, furniture and equipment | 72,405,240 | 2,349,450 | 3,084,087 | 71,670,603 |
| Total capital assets being depreciated | <u>1,023,356,939</u> | <u>34,182,335</u> | <u>5,942,442</u> | <u>1,051,596,832</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (33,151,985) | (2,836,076) | (124,622) | (35,863,439) |
| Buildings and improvements | (276,806,405) | (18,200,927) | (930,175) | (294,077,157) |
| Vehicles, furniture and equipment | (40,675,347) | (6,059,179) | (1,903,024) | (44,831,502) |
| Total accumulated depreciation | <u>(350,633,737)</u> | <u>(27,096,182)</u> | <u>(2,957,821)</u> | <u>(374,772,098)</u> |
| Total capital assets, being depreciated, net | <u>672,723,202</u> | <u>7,086,153</u> | <u>2,984,621</u> | <u>676,824,734</u> |
| Governmental activities capital assets, net | <u>\$ 711,632,857</u> | <u>\$ 15,662,920</u> | <u>\$ 35,686,674</u> | <u>\$ 691,609,103</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------------------------|---------------------|
| Instruction | \$22,813,869 |
| Support services – students and staff | 244,855 |
| Support services – administration | 1,649,115 |
| Operation and maintenance of plant services | 288,450 |
| Student transportation services | 1,966,583 |
| Operation of non-instructional services | 133,310 |
| Total depreciation expense – governmental activities | <u>\$27,096,182</u> |

Construction Commitments – At year end, the District had contractual commitments related to various capital projects. At year end the District had spent \$347,587 on the projects and had estimated remaining contractual commitments of \$15,575. These projects are being funded primarily with Building Renewal Grant funds.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – OBLIGATIONS UNDER LEASES

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

| | Governmental Activities |
|--------------------------------|----------------------------|
| Asset: | |
| Buildings and improvements | \$ 29,466,812 |
| Vehicles and equipment | 27,015,481 |
| Less: Accumulated depreciation | (14,801,315) |
| Total | \$ 41,680,978 |

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: | |
| 2017 | \$ 9,339,228 |
| 2018 | 7,498,842 |
| 2019 | 3,384,283 |
| 2020 | 2,863,849 |
| 2021 | 2,774,159 |
| 2022-26 | 13,870,791 |
| 2027-31 | 8,322,473 |
| Total minimum lease payments | 48,053,625 |
| Less: amount representing interest | 9,372,386 |
| Present value of minimum lease payments | \$ 38,681,239 |
| Due within one year | \$ 7,807,816 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – OBLIGATIONS UNDER LEASES

Operating Leases – The District leases equipment and a data center under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$742,881 for the current fiscal year. The operating leases have remaining noncancelable lease terms from one to three 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: | | |
| | 2017 | \$ 536,441 |
| | 2018 | 329,873 |
| | 2019 | <u>191,018</u> |
| | Total minimum payments required | <u>\$1,057,332</u> |

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

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

| Description | Original Amount Issued | Interest Rates | Remaining Maturities | Outstanding Principal June 30, 2016 | Due Within One Year |
|------------------------------------|---------------------------|----------------|-------------------------|-------------------------------------------|------------------------|
| Governmental activities: | | | | | |
| School Improvement Bonds, 2006 | \$ 10,000,000 | 4.25-5.00% | 7/1/17-26 | \$ 3,785,000 | \$ 305,000 |
| School Improvement Bonds, 2007 | 47,000,000 | 4.375-5.00% | 7/1/17-28 | 33,135,000 | 2,300,000 |
| School Improvement Bonds, 2008 | 57,000,000 | 4.00-5.00% | 7/1/17-28 | 42,200,000 | 4,500,000 |
| School Improvement Bonds, 2010 | 67,230,000 | 4.32-6.312% | 7/1/17-29 | 67,230,000 | 3,575,000 |
| Refunding Bonds, 2010 | 45,725,000 | 4.00-5.00% | 7/1/17-22 | 2,985,000 | 2,690,000 |
| Refunding Bonds, 2011 (nontaxable) | 28,115,000 | 4.00-5.00% | 7/1/17-24 | 19,520,000 | |
| Total | | | | <u>\$ 168,855,000</u> | <u>\$ 13,370,000</u> |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

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 |
| 2017 | \$ 13,370,000 | \$ 8,329,446 |
| 2018 | 11,135,000 | 7,803,672 |
| 2019 | 11,500,000 | 7,297,929 |
| 2020 | 11,930,000 | 6,750,240 |
| 2021 | 12,650,000 | 6,168,157 |
| 2022-26 | 73,755,000 | 20,412,912 |
| 2027-30 | 34,515,000 | 3,357,468 |
| Total | <u>\$ 168,855,000</u> | <u>\$ 60,119,824</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 9 – CHANGES IN LONG-TERM LIABILITIES

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------------------|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 183,655,000 | \$ | \$ 14,800,000 | \$ 168,855,000 | \$ 13,370,000 |
| Premium | 6,409,802 | | 768,168 | 5,641,634 | |
| Total bonds payable | <u>190,064,802</u> | | <u>15,568,168</u> | <u>174,496,634</u> | <u>13,370,000</u> |
| Obligations under capital leases | 47,666,652 | | 8,985,413 | 38,681,239 | 7,807,816 |
| Net pension liability | 387,916,386 | 13,075,843 | | 400,992,229 | |
| Compensated absences payable | 15,915,241 | 4,292,625 | 5,614,021 | 14,593,845 | 2,569,533 |
| Governmental activity long-term liabilities | <u>\$ 641,563,081</u> | <u>\$ 17,368,468</u> | <u>\$ 30,167,602</u> | <u>\$ 628,763,947</u> | <u>\$ 23,747,349</u> |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

| | Classroom Site Fund | Unrestricted Capital Outlay Fund | Non-Major Governmental Funds | Total Due to Other Funds |
|------------------------------|------------------------|----------------------------------------|------------------------------------|--------------------------------|
| General Fund | \$ 1,989,281 | \$ 3,326,293 | \$ 1,612,938 | \$ 6,928,512 |
| Title I Grants Fund | | | 11,528,737 | 11,528,737 |
| Non-Major Governmental Funds | 4,045,663 | | | 4,045,663 |
| Total Due from Other Funds | <u>\$ 6,034,944</u> | <u>\$ 3,326,293</u> | <u>\$ 13,141,675</u> | <u>\$ 22,502,912</u> |

At year end, the General and Title I Grants funds as well as several non-major governmental funds had negative cash balances in the Treasurer’s pooled cash accounts at year end due to state and federal receivables detailed in Note 5. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the Classroom Site, Unrestricted Capital Outlay and several non-major governmental funds. All interfund balances are expected to be paid within one year.

Interfund transfers:

| | Transfers in | | |
|------------------------------|---------------------|------------------------------------|--------------------|
| | General Fund | Non-Major Governmental Funds | Total |
| <u>Transfers out</u> | | | |
| General Fund | \$ | \$ 2,101,229 | \$2,101,229 |
| Title I Grants Fund | 1,370,002 | | 1,370,002 |
| Non-Major Governmental Funds | 1,696,496 | 13 | 1,696,509 |
| Total | <u>\$ 3,066,498</u> | <u>\$ 2,101,242</u> | <u>\$5,167,740</u> |

Transfers between funds were used to (1) eliminate deficit cash balances in several non-major funds, (2) to move federal grant funds restricted for indirect costs, and (3) to move utility savings to the Energy and Water Savings Fund for lease payments.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – 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 12 – RISK MANAGEMENT

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

The District established an Employee Benefit Trust (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health claims. Under this program, the Fund provides coverage for up to a maximum of \$1,000,000 for each claim. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims did not exceed this coverage in the past 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. However, effective July 1, 2014, the District joined the Arizona School Alliance for Workers’ Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers’ compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers’ compensation coverage. The agreement provides that the Alliance will be self-sustaining through members’ premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event. The District will continue to operate the Workers’ Compensation Trust for claims that were incurred in prior reporting periods, until all outstanding claims have been settled.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – RISK MANAGEMENT

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

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

| | Claims Payable Beginning of Year | Current Year Claims and Changes in Estimates | Claim Payments | Claims Payable at End of Year |
|------------------------------|-------------------------------------------|-------------------------------------------------------|-------------------|-------------------------------------|
| <u>Workers' Compensation</u> | | | | |
| 2015-16 | \$ 4,188,252 | \$ 435,419 | \$ 494,621 | \$ 4,129,050 |
| 2014-15 | 7,024,917 | (1,018,994) | 1,817,671 | 4,188,252 |
| <u>Employee Benefits</u> | | | | |
| 2015-16 | 3,655,656 | 25,516,829 | 27,105,120 | 2,067,365 |
| 2014-15 | 3,573,956 | 22,802,119 | 22,720,419 | 3,655,656 |
| <u>Total</u> | | | | |
| 2015-16 | 7,843,908 | 25,952,248 | 27,599,741 | 6,196,415 |
| 2014-15 | 10,598,873 | 21,783,125 | 24,538,090 | 7,843,908 |

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

*With actuarially reduced benefits

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 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 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2016 were \$25,330,213.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement, 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. The District’s contributions to the pension plan for retired members for the year ended June 30, 2016 were \$1,269,500.

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

| | | Health Benefit Supplement Fund | | Long-Term Disability Fund |
|----------------------|----|--------------------------------------|----|---------------------------------|
| Year ending June 30: | | | | |
| 2016 | \$ | 1,167,291 | \$ | 280,150 |
| 2015 | | 1,360,000 | | 276,610 |
| 2014 | | 1,355,438 | | 542,175 |

Pension Liability. At June 30, 2016, the District reported a liability of \$401.0 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District’s proportion was 2.57 percent, which was a decrease of 0.05 from its proportion measured as of June 30, 2014.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the District recognized pension expense of \$3.1 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience | \$ 10,942,208 | \$ 21,012,398 |
| Net difference between projected and actual earnings on pension plan investments | | 12,850,912 |
| Changes in proportion and differences between contributions and proportionate share of contributions | | 26,270,965 |
| Contributions subsequent to the measurement date | 25,330,213 | |
| Total | <u>\$ 36,272,421</u> | <u>\$ 60,134,275</u> |

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30: | |
|----------------------|-----------------|
| 2017 | \$ (27,006,519) |
| 2018 | (21,681,666) |
| 2019 | (9,780,626) |
| 2020 | 9,276,744 |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

| | |
|-----------------------------|-------------------|
| Actuarial valuation date | June 30, 2014 |
| Actuarial roll forward date | June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 8.0% |
| Projected salary increases | 3.0-6.75% |
| Inflation | 3.0% |
| Permanent base increases | Included |
| Mortality rates | 1994 GAM Scale BB |

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|------------------------------|-------------------------------------------------------|
| Equity | 58% | 6.79% |
| Fixed income | 25 | 3.70 |
| Real estate | 10 | 4.25 |
| Multi-asset | 5 | 3.41 |
| Commodities | 2 | 3.93 |
| Total | <u>100%</u> | |

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (7.0%) | Current Discount Rate (8.0%) | 1% Increase (9.0%) |
|--------------------------------------------------|-----------------------|---------------------------------------|-----------------------|
| Proportionate share of the net pension liability | \$525,436,852 | \$400,992,229 | \$315,706,881 |

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

NOTE 15 – SUBSEQUENT EVENTS

On August 4, 2016, the District issued \$63.0 million in refunding bonds with an effective interest rate of two percent, to advance refund \$70.3 million of general obligation bonds, with an average interest rate of five percent.

On September 12, 2016, the District sold Ft. Lowell Middle School for \$1.3 million as approved by voters in the November 2014 election.

On December 12, 2016, the District sold Van Horne Elementary school for \$1.3 million as approved by voters in the November 2014 election.

(This page intentionally left blank)

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, 2016

| | Budgeted Amounts | | Non-GAAP Actual | Variance with Final Budget |
|----------------------------------------------------------|-------------------------|-------------------------|----------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Other local | \$ | \$ | \$ 13,647,508 | \$ 13,647,508 |
| Property taxes | | | 140,929,717 | 140,929,717 |
| State aid and grants | | | 143,044,757 | 143,044,757 |
| Total revenues | | | <u>297,621,982</u> | <u>297,621,982</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 145,816,233 | 145,090,247 | 142,274,984 | 2,815,263 |
| Support services - students and staff | 48,236,053 | 48,103,181 | 46,864,188 | 1,238,993 |
| Support services - administration | 36,880,066 | 36,432,657 | 35,785,874 | 646,783 |
| Operation and maintenance of plant services | 49,157,078 | 50,948,213 | 46,441,499 | 4,506,714 |
| Student transportation services | 21,103,564 | 22,477,504 | 21,840,060 | 637,444 |
| Operation of non-instructional services | 474,333 | 474,333 | 474,333 | |
| Total expenditures | <u>301,667,327</u> | <u>303,526,135</u> | <u>293,680,938</u> | <u>9,845,197</u> |
| Excess (deficiency) of revenues over expenditures | <u>(301,667,327)</u> | <u>(303,526,135)</u> | <u>3,941,044</u> | <u>307,467,179</u> |
| Other financing sources (uses): | | | | |
| Transfers out | | | (2,101,229) | (2,101,229) |
| Total other financing sources (uses): | | | <u>(2,101,229)</u> | <u>(2,101,229)</u> |
| Changes in fund balances | <u>(301,667,327)</u> | <u>(303,526,135)</u> | <u>1,839,815</u> | <u>305,365,950</u> |
| Fund balances, beginning of year | | | 15,556,057 | 15,556,057 |
| Increase (decrease) in reserve for inventory | | | (35,310) | (35,310) |
| Fund balances (deficits), end of year | <u>\$ (301,667,327)</u> | <u>\$ (303,526,135)</u> | <u>\$ 17,360,562</u> | <u>\$ 320,886,697</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
CLASSROOM SITE
YEAR ENDED JUNE 30, 2016**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|----------------------------------------------|-------------------------|------------------------|----------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Other local | \$ | \$ | \$ 82,994 | \$ 82,994 |
| State aid and grants | | | 18,400,348 | 18,400,348 |
| Total revenues | | | <u>18,483,342</u> | <u>18,483,342</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 31,631,871 | 32,810,449 | 12,586,329 | 20,224,120 |
| Support services - students and staff | 758,847 | 1,042,855 | 486,067 | 556,788 |
| Total expenditures | <u>32,390,718</u> | <u>33,853,304</u> | <u>13,072,396</u> | <u>20,780,908</u> |
| Changes in fund balances | <u>(32,390,718)</u> | <u>(33,853,304)</u> | <u>5,410,946</u> | <u>39,264,250</u> |
| Fund balances, beginning of year | | | 15,396,409 | 15,396,409 |
| Fund balances (deficits), end of year | <u>\$ (32,390,718)</u> | <u>\$ (33,853,304)</u> | <u>\$ 20,807,355</u> | <u>\$ 54,660,659</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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|----------------------------------------------------------|-------------------------|------------------------|--------------------|----------------------------------------|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Federal aid, grants and reimbursements | \$ | \$ | \$ 22,957,519 | \$ 22,957,519 |
| Total revenues | | | <u>22,957,519</u> | <u>22,957,519</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Instruction | 18,536,501 | 21,035,014 | 13,976,844 | 7,058,170 |
| Support services - students and staff | 7,742,460 | 8,786,058 | 5,837,950 | 2,948,108 |
| Support services - administration | 1,104,875 | 1,253,800 | 833,095 | 420,705 |
| Operation and maintenance of plant services | 80,149 | 90,953 | 60,434 | 30,519 |
| Student transportation services | 597 | 677 | 450 | 227 |
| Capital outlay | 1,165,416 | 1,322,501 | 878,744 | 443,757 |
| Total expenditures | <u>28,629,998</u> | <u>32,489,003</u> | <u>21,587,517</u> | <u>10,901,486</u> |
| Excess (deficiency) of revenues over expenditures | <u>(28,629,998)</u> | <u>(32,489,003)</u> | <u>1,370,002</u> | <u>33,859,005</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(1,370,002)</u> | <u>(1,370,002)</u> | <u>(1,370,002)</u> | |
| Total other financing sources (uses): | <u>(1,370,002)</u> | <u>(1,370,002)</u> | <u>(1,370,002)</u> | |
| Changes in fund balances | <u>(30,000,000)</u> | <u>(33,859,005)</u> | | <u>33,859,005</u> |
| Fund balances, beginning of year | | | | |
| Fund balances (deficits), end of year | <u>\$ (30,000,000)</u> | <u>\$ (33,859,005)</u> | <u>\$</u> | <u>\$ 33,859,005</u> |

See accompanying notes to this schedule.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|------------------------------------------------------------------------------------------------------------|----------------|----------------|-------------|-------------|
| District's proportion of the net pension liability (asset) | 2.57% | 2.62% | 0.00% | 0.00% |
| District's proportionate share of the net pension liability (asset) | \$ 400,992,229 | \$ 387,916,386 | \$ | \$ |
| District's covered payroll | \$ 230,508,476 | \$ 225,906,271 | \$ | \$ |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 173.96% | 171.72% | #DIV/0! | #DIV/0! |
| Plan fiduciary net position as a percentage of the total pension liability | 68.35% | 69.49% | 0.00% | 0.00% |

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------------------------------------------------------------|-------------------|-------------------|-------------|-------------|
| Actuarially determined contribution | \$ 25,330,213 | \$ 25,102,373 | \$ | \$ |
| Contributions in relation to the actuarially determined contribution | <u>25,330,213</u> | <u>25,102,373</u> | \$ | \$ |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | \$ | \$ |
| District's covered payroll | \$ 233,458,184 | \$ 230,508,476 | \$ | \$ |
| Contributions as a percentage of covered payroll | 10.85% | 10.89% | #DIV/0! | #DIV/0! |

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

See accompanying notes to this schedule.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.

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

| | Total Expenditures | Fund Balances End of Year |
|-------------------------------------------------------------------------------------------------------|-----------------------|------------------------------|
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | \$ 302,717,083 | \$ 32,403,903 |
| Activity budgeted as special revenue funds | (9,036,145) | (15,043,341) |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | \$ 293,680,938 | \$ 17,360,562 |

NOTE 2 – PENSION PLAN SCHEDULES

Change in Accounting Principle. For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 82, *Pension Issues*. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2014, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

(This page intentionally left blank)

GOVERNMENTAL FUNDS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2016

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|----------------------------------------------------------------------------|-----------------------------|----------------------------|----------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 9,060,486 | \$ 3,362,214 | \$ 21,628 |
| Cash and investments-restricted | | | 144,687 |
| Property taxes receivable | | 2,291,110 | 29,922 |
| Accounts receivable | 426,827 | | |
| Due from governmental entities | 6,451,228 | 606,521 | |
| Due from other funds | 11,695,586 | | 1,446,089 |
| Inventory | 643,318 | | |
| Total assets | <u><u>\$ 28,277,445</u></u> | <u><u>\$ 6,259,845</u></u> | <u><u>\$ 1,642,326</u></u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 983,947 | \$ | \$ 314,258 |
| Due to governmental entities | 32,569 | | |
| Due to other funds | 3,965,767 | | 79,896 |
| Accrued payroll and employee benefits | 3,363,359 | | |
| Unearned revenues | 259,677 | 1,055 | |
| Total liabilities | <u><u>8,605,319</u></u> | <u><u>1,055</u></u> | <u><u>394,154</u></u> |
| Deferred inflows of resources: | | | |
| Unavailable revenues - property taxes | | 1,841,316 | 29,922 |
| Unavailable revenue - intergovernmental | | 606,521 | |
| Total deferred inflows of resources | | <u><u>2,447,837</u></u> | <u><u>29,922</u></u> |
| Fund balances (deficits): | | | |
| Nonspendable | 643,318 | | |
| Restricted | 16,609,485 | 3,810,953 | 1,419,705 |
| Committed | 2,419,323 | | |
| Unassigned | | | (201,455) |
| Total fund balances | <u><u>19,672,126</u></u> | <u><u>3,810,953</u></u> | <u><u>1,218,250</u></u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 28,277,445</u></u> | <u><u>\$ 6,259,845</u></u> | <u><u>\$ 1,642,326</u></u> |

Total Non-
Major
Governmental
Fund

\$ 12,444,328
144,687
2,321,032
426,827
7,057,749
13,141,675
643,318

\$ 36,179,616

\$ 1,298,205
32,569
4,045,663
3,363,359
260,732

9,000,528

1,871,238
606,521

2,477,759

643,318
21,840,143
2,419,323
(201,455)

24,701,329

\$ 36,179,616

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, 2016

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|----------------------------------------------------------|------------------------|---------------------|-------------------------|
| Revenues: | | | |
| Other local | \$ 12,215,897 | \$ 43,945 | \$ 659,928 |
| Property taxes | | 24,457,420 | 4,127 |
| State aid and grants | 3,322,213 | | 523,629 |
| Federal aid, grants and reimbursements | <u>36,651,788</u> | <u>1,262,863</u> | <u>590,606</u> |
| Total revenues | <u>52,189,898</u> | <u>25,764,228</u> | <u>1,778,290</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 13,309,623 | | |
| Support services - students and staff | 8,211,722 | | |
| Support services - administration | 1,162,139 | | |
| Operation and maintenance of plant services | 2,612,658 | | |
| Student transportation services | 251,965 | | |
| Operation of non-instructional services | 23,924,016 | | |
| Capital outlay | 1,603,328 | | 7,399,321 |
| Debt service - | | | |
| Principal retirement | 100,810 | 14,800,000 | 1,521,501 |
| Interest and fiscal charges | <u>18,779</u> | <u>9,229,489</u> | <u>1,252,658</u> |
| Total expenditures | <u>51,195,040</u> | <u>24,029,489</u> | <u>10,173,480</u> |
| Excess (deficiency) of revenues over expenditures | <u>994,858</u> | <u>1,734,739</u> | <u>(8,395,190)</u> |
| Other financing sources (uses): | | | |
| Transfers in | | 43 | 2,101,199 |
| Transfers out | (1,696,466) | | (43) |
| Proceeds from sale of capital assets | <u>1,426,879</u> | | |
| Total other financing sources (uses): | <u>(269,587)</u> | <u>43</u> | <u>2,101,156</u> |
| Changes in fund balances | <u>725,271</u> | <u>1,734,782</u> | <u>(6,294,034)</u> |
| Fund balances, beginning of year | 19,081,039 | 2,076,171 | 7,512,284 |
| Increase (decrease) in reserve for inventory | (134,184) | | |
| Fund balances, end of year | <u>\$ 19,672,126</u> | <u>\$ 3,810,953</u> | <u>\$ 1,218,250</u> |

Total Non-
Major
Governmental
Funds

\$ 12,919,770
24,461,547
3,845,842
38,505,257
79,732,416

13,309,623
8,211,722
1,162,139
2,612,658
251,965
23,924,016
9,002,649

16,422,311
10,500,926
85,398,009

(5,665,593)

2,101,242
(1,696,509)
1,426,879
1,831,612

(3,833,981)

28,669,494

(134,184)

\$ 24,701,329

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.

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

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.

Academic Contests - to account for financial assistance received for participation in academic contests.

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

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

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.

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.

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.

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.

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

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

SPECIAL REVENUE FUNDS

The following funds are budgeted separately for budgetary reporting purposes, however, the funds are reported in the General Fund for GAAP reporting purposes.

Student Success - to account for student success monies.

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

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

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.

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

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

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

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

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

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

(This page intentionally left blank)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

| | <u>Instructional Improvement</u> | <u>County, City, and Town Grants</u> | <u>Structured English Immersion</u> |
|---------------------------------------------|--------------------------------------|----------------------------------------------|---------------------------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ 6,637 | \$ 1 |
| Accounts receivable | | | |
| Due from governmental entities | 513,898 | | |
| Due from other funds | 189,442 | | |
| Inventory | | | |
| Total assets | <u><u>\$ 703,340</u></u> | <u><u>\$ 6,637</u></u> | <u><u>\$ 1</u></u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ | \$ | \$ |
| Due to governmental entities | | | |
| Due to other funds | | | |
| Accrued payroll and employee benefits | 157,298 | | |
| Unearned revenues | | | 1 |
| Total liabilities | <u><u>157,298</u></u> | | <u><u>1</u></u> |
| Fund balances: | | | |
| Nonspendable | | | |
| Restricted | 546,042 | 6,637 | |
| Committed | | | |
| Total fund balances | <u><u>546,042</u></u> | <u><u>6,637</u></u> | |
| Total liabilities and fund balances | <u><u>\$ 703,340</u></u> | <u><u>\$ 6,637</u></u> | <u><u>\$ 1</u></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> |
|-------------------------------------------------------------------|------------------------|-----------------------------------------------|---------------------------------------------------------|-----------------------------|-----------------------------------------|
| \$ | \$ 4,153 | \$ | \$ | \$ 1,570 | \$ |
| 715,922 | 756,979 | 54,079 | 117,481 | 92,169 | 1,570,278 |
| <u>\$ 715,922</u> | <u>\$ 761,132</u> | <u>\$ 54,079</u> | <u>\$ 117,481</u> | <u>\$ 93,739</u> | <u>\$ 1,570,278</u> |
| \$ 52,113 | \$ 9,999 | \$ | \$ | \$ 8,966 | \$ 137,073 |
| 378,181 | | 54,079 | 74,685 | 70,999 | 660,577 |
| 285,628 | 751,133 | | 42,796 | 13,774 | 772,628 |
| <u>715,922</u> | <u>761,132</u> | <u>54,079</u> | <u>117,481</u> | <u>93,739</u> | <u>1,570,278</u> |
| <u>\$ 715,922</u> | <u>\$ 761,132</u> | <u>\$ 54,079</u> | <u>\$ 117,481</u> | <u>\$ 93,739</u> | <u>\$ 1,570,278</u> |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

| | Johnson O'Malley | Vocational Education | Homeless Education |
|-------------------------------------------------|---------------------|-------------------------|-----------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ | \$ 26,212 |
| Accounts receivable | | | |
| Due from governmental entities | 3,333 | 1,007,114 | |
| Due from other funds | | | |
| Inventory | | | |
| Total assets | \$ 3,333 | \$ 1,007,114 | \$ 26,212 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ | \$ 54,903 | \$ |
| Due to governmental entities | | | |
| Due to other funds | 3,333 | 841,773 | |
| Accrued payroll and employee benefits | | 110,438 | |
| Unearned revenues | | | 26,212 |
| Total liabilities | 3,333 | 1,007,114 | 26,212 |
| Fund balances: | | | |
| Nonspendable | | | |
| Restricted | | | |
| Committed | | | |
| Total fund balances | | | |
| Total liabilities and fund balances | \$ 3,333 | \$ 1,007,114 | \$ 26,212 |

| <u>E-Rate</u> | <u>Other Federal Projects</u> | <u>State Vocational Education</u> | <u>Chemical Abuse Prevention Programs</u> | <u>Academic Contests</u> | <u>Other State Projects</u> |
|-------------------|-----------------------------------|---------------------------------------|---------------------------------------------------|------------------------------|---------------------------------|
| \$ 453,155 | \$ | \$ 31,810 | \$ 225,716 | \$ 8,524 | \$ |
| 229,410 | 331,824 | 616 | | | 292,698 |
| <u>\$ 682,565</u> | <u>\$ 331,824</u> | <u>\$ 32,426</u> | <u>\$ 225,716</u> | <u>\$ 8,524</u> | <u>\$ 292,698</u> |
| \$ 4,010 | \$ 143,204 | \$ 7,774 | \$ | \$ | \$ 63,182 |
| | 87,954 | | | | 229,516 |
| 11,074 | 100,666 | 24,652 | | 8,524 | |
| 7,748 | | | 225,716 | | |
| <u>22,832</u> | <u>331,824</u> | <u>32,426</u> | <u>225,716</u> | <u>8,524</u> | <u>292,698</u> |
| 659,733 | | | | | |
| <u>659,733</u> | | | | | |
| <u>\$ 682,565</u> | <u>\$ 331,824</u> | <u>\$ 32,426</u> | <u>\$ 225,716</u> | <u>\$ 8,524</u> | <u>\$ 292,698</u> |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

| | <u>School Plant</u> | <u>Food Service</u> | <u>Civic Center</u> |
|-------------------------------------------------|-------------------------|-------------------------|-------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ | \$ |
| Accounts receivable | | | 79,225 |
| Due from governmental entities | | 526,197 | |
| Due from other funds | 2,451,892 | 2,291,374 | 3,887,201 |
| Inventory | | 643,318 | |
| Total assets | <u>\$ 2,451,892</u> | <u>\$ 3,460,889</u> | <u>\$ 3,966,426</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ | \$ 145,617 | \$ 74,871 |
| Due to governmental entities | 32,569 | | |
| Due to other funds | | | |
| Accrued payroll and employee benefits | | 416,749 | 30,686 |
| Unearned revenues | | | |
| Total liabilities | <u>32,569</u> | <u>562,366</u> | <u>105,557</u> |
| Fund balances: | | | |
| Nonspendable | | 643,318 | |
| Restricted | | 2,255,205 | 3,860,869 |
| Committed | 2,419,323 | | |
| Total fund balances | <u>2,419,323</u> | <u>2,898,523</u> | <u>3,860,869</u> |
| Total liabilities and fund balances | <u>\$ 2,451,892</u> | <u>\$ 3,460,889</u> | <u>\$ 3,966,426</u> |

| <u>Community School</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> |
|----------------------------------|---------------------------------------------------|---------------------------------------------------|--------------------|-------------------|-------------------------|
| \$ 109,601 239,230 773,346 | \$ 8,300,305 180,814 | \$ 1,975 | \$ 428 | \$ 221,292 | \$ 57,187 |
| <u>\$ 1,122,177</u> | <u>\$ 8,481,119</u> | <u>\$ 1,975</u> | <u>\$ 428</u> | <u>\$ 221,292</u> | <u>\$ 57,187</u> |
| \$ 27,711 525,921 | \$ 239,257 1,511,015 26,878 | \$ | \$ | \$ 4,616 | \$ 53,655 |
| <u>553,632</u> | <u>1,777,150</u> | | | <u>4,616</u> | <u>53,655</u> |
| 568,545 | 6,703,969 | 1,975 | 428 | 216,676 | 3,532 |
| <u>568,545</u> | <u>6,703,969</u> | <u>1,975</u> | <u>428</u> | <u>216,676</u> | <u>3,532</u> |
| <u>\$ 1,122,177</u> | <u>\$ 8,481,119</u> | <u>\$ 1,975</u> | <u>\$ 428</u> | <u>\$ 221,292</u> | <u>\$ 57,187</u> |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

| | Joint Technical Education | Totals |
|-------------------------------------------------|------------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Cash and investments | \$ | \$ 9,060,486 |
| Accounts receivable | | 426,827 |
| Due from governmental entities | | 6,451,228 |
| Due from other funds | 1,881,039 | 11,695,586 |
| Inventory | | 643,318 |
| Total assets | \$ 1,881,039 | \$ 28,277,445 |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 10,651 | \$ 983,947 |
| Due to governmental entities | | 32,569 |
| Due to other funds | | 3,965,767 |
| Accrued payroll and employee benefits | 84,514 | 3,363,359 |
| Unearned revenues | | 259,677 |
| Total liabilities | 95,165 | 8,605,319 |
| Fund balances: | | |
| Nonspendable | | 643,318 |
| Restricted | 1,785,874 | 16,609,485 |
| Committed | | 2,419,323 |
| Total fund balances | 1,785,874 | 19,672,126 |
| Total liabilities and fund balances | \$ 1,881,039 | \$ 28,277,445 |

(This page intentionally left blank)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

| | Instructional Improvement | County, City, and Town Grants | Professional Development and Technology Grants |
|----------------------------------------------------------|------------------------------|-------------------------------------|---------------------------------------------------------|
| Revenues: | | | |
| Other local | \$ 3,237 | \$ 5,011 | \$ |
| State aid and grants | 2,001,939 | | |
| Federal aid, grants and reimbursements | | | 1,714,498 |
| Total revenues | 2,005,176 | 5,011 | 1,714,498 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 2,116,952 | | 5,455 |
| Support services - students and staff | | | 1,587,002 |
| Support services - administration | | | 13,083 |
| Operation and maintenance of plant services | | | 2,716 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 2,116,952 | | 1,608,256 |
| Excess (deficiency) of revenues over expenditures | (111,776) | 5,011 | 106,242 |
| Other financing sources (uses): | | | |
| Transfers out | | (61,626) | (106,242) |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | (61,626) | (106,242) |
| Changes in fund balances | (111,776) | (56,615) | |
| Fund balances, beginning of year | 657,818 | 63,252 | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances, end of year | \$ 546,042 | \$ 6,637 | \$ |

| <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> |
|------------------------|---------------------------------------|-------------------------------------------------|-------------------------|---------------------------------|-------------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |
| 2,452,634 | 54,636 | 714,946 | 387,766 | 9,115,329 | 35,129 |
| <u>2,452,634</u> | <u>54,636</u> | <u>714,946</u> | <u>387,766</u> | <u>9,115,329</u> | <u>35,129</u> |
| 1,219,043 | | 128,961 | 317,524 | 4,979,327 | 28,937 |
| 848,488 | 51,215 | 568,345 | 63,560 | 3,346,844 | 5,646 |
| 215,092 | | | 6,374 | 33,718 | |
| 2,834 | | 1,297 | | | 546 |
| 150 | | | 308 | | |
| 118 | | | | | |
| 14,224 | | 3,283 | | 197,515 | |
| <u>2,299,949</u> | <u>51,215</u> | <u>701,886</u> | <u>387,766</u> | <u>8,557,404</u> | <u>35,129</u> |
| <u>152,685</u> | <u>3,421</u> | <u>13,060</u> | | <u>557,925</u> | |
| (152,685) | (3,421) | (13,060) | | (557,925) | |
| <u>(152,685)</u> | <u>(3,421)</u> | <u>(13,060)</u> | | <u>(557,925)</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, 2016

| | Vocational Education | Homeless Education | E-Rate |
|----------------------------------------------------------|-------------------------|-----------------------|------------|
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | 1,706,741 | 8 | 1,437,276 |
| Total revenues | 1,706,741 | 8 | 1,437,276 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 546,448 | | |
| Support services - students and staff | 368,430 | 8 | |
| Support services - administration | 91,612 | | 159,965 |
| Operation and maintenance of plant services | | | 1,514,706 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 666,534 | | 48,677 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 1,673,024 | 8 | 1,723,348 |
| Excess (deficiency) of revenues over expenditures | 33,717 | | (286,072) |
| Other financing sources (uses): | | | |
| Transfers out | (33,717) | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | (33,717) | | |
| Changes in fund balances | | | (286,072) |
| Fund balances, beginning of year | | | 945,805 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances, end of year | \$ | \$ | \$ 659,733 |

| Other Federal Projects | State Vocational Education | Chemical Abuse Prevention Programs | Other State Projects | School Plant | Food Service |
|---------------------------|-------------------------------|------------------------------------------|-------------------------|------------------|-------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 446,924 | 161,883 | 711,467 | 18,712 | 1,495,889 |
| 710,920 | | | | | 17,705,168 |
| <u>710,920</u> | <u>446,924</u> | <u>161,883</u> | <u>711,467</u> | <u>18,712</u> | <u>19,201,057</u> |
| 308,179 | 399,834 | 57,170 | 77,235 | | |
| 295,273 | 17,877 | 67,515 | 7,880 | | |
| 57,610 | 29,213 | 320 | 1,515 | 65,351 | 6,068 |
| 9,225 | | 12,861 | 622,014 | | |
| 150 | | | | | |
| 7,931 | | | | | 19,618,507 |
| 14,762 | | 24,017 | 2,823 | | 42,552 |
| | | | | | 100,810 |
| | | | | | 18,779 |
| <u>693,130</u> | <u>446,924</u> | <u>161,883</u> | <u>711,467</u> | <u>65,351</u> | <u>19,786,716</u> |
| 17,790 | | | | (46,639) | (585,659) |
| (17,790) | | | | | (750,000) |
| <u>(17,790)</u> | | | | <u>1,426,879</u> | <u>(750,000)</u> |
| | | | | <u>1,426,879</u> | <u>(750,000)</u> |
| | | | | 1,380,240 | (1,335,659) |
| | | | | 1,039,083 | 4,368,366 |
| | | | | | (134,184) |
| <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| | | | | 2,419,323 | 2,898,523 |

(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, 2016

| | Civic Center | Community School | Extracurricular Activities Fees Tax Credit |
|----------------------------------------------------------|---------------------|---------------------|--------------------------------------------------|
| Revenues: | | | |
| Other local | \$ 1,284,626 | \$ 3,885,234 | \$ 3,069,271 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 616,737 | |
| Total revenues | <u>1,284,626</u> | <u>4,501,971</u> | <u>3,069,271</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 61,402 | | 1,725,776 |
| Support services - students and staff | 13,032 | | 523,213 |
| Support services - administration | 304,495 | | |
| Operation and maintenance of plant services | 388,176 | | 18,886 |
| Student transportation services | 300 | 150 | 234,963 |
| Operation of non-instructional services | 70 | 4,297,197 | 193 |
| Capital outlay | 425,967 | 2,921 | 91,929 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>1,193,442</u> | <u>4,300,268</u> | <u>2,594,960</u> |
| Excess (deficiency) of revenues over expenditures | <u>91,184</u> | <u>201,703</u> | <u>474,311</u> |
| Other financing sources (uses): | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>91,184</u> | <u>201,703</u> | <u>474,311</u> |
| Fund balances, beginning of year | 3,769,685 | 366,842 | 6,229,658 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances, end of year | <u>\$ 3,860,869</u> | <u>\$ 568,545</u> | <u>\$ 6,703,969</u> |

| Career, Technical and Vocational Education | Fingerprint | Textbooks | Insurance Refund | Joint Technical Education | Totals |
|-----------------------------------------------------|---------------|-------------------|---------------------|------------------------------|----------------------|
| \$ 9 | \$ 14,166 | \$ 29,935 | \$ 78,264 | \$ 2,331,543 | \$ 12,215,897 |
| | | | | | 3,322,213 |
| | | | | | 36,651,788 |
| <u>9</u> | <u>14,166</u> | <u>29,935</u> | <u>78,264</u> | <u>2,331,543</u> | <u>52,189,898</u> |
| | | 19,117 | 1,625 | 1,316,638 | 13,309,623 |
| | | 9,897 | 19,371 | 418,126 | 8,211,722 |
| | 14,166 | | 56,466 | 107,091 | 1,162,139 |
| | | | | 39,397 | 2,612,658 |
| | | | | 15,944 | 251,965 |
| | | | | | 23,924,016 |
| | | 762 | | 67,362 | 1,603,328 |
| | | | | | 100,810 |
| | | | | | 18,779 |
| | <u>14,166</u> | <u>29,776</u> | <u>77,462</u> | <u>1,964,558</u> | <u>51,195,040</u> |
| <u>9</u> | | <u>159</u> | <u>802</u> | <u>366,985</u> | <u>994,858</u> |
| | | | | | (1,696,466) |
| | | | | | 1,426,879 |
| | | | | | (269,587) |
| <u>9</u> | | <u>159</u> | <u>802</u> | <u>366,985</u> | <u>725,271</u> |
| 1,966 | 428 | 216,517 | 2,730 | 1,418,889 | 19,081,039 |
| | | | | | (134,184) |
| <u>\$ 1,975</u> | <u>\$ 428</u> | <u>\$ 216,676</u> | <u>\$ 3,532</u> | <u>\$ 1,785,874</u> | <u>\$ 19,672,126</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, 2016

| | Instructional Improvement | | Variance - Positive (Negative) |
|----------------------------------------------------------|---------------------------|-------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 3,237 | \$ 3,237 |
| State aid and grants | | 2,001,939 | 2,001,939 |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>2,005,176</u> | <u>2,005,176</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 2,500,000 | 2,116,952 | 383,048 |
| 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 | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>2,500,000</u> | <u>2,116,952</u> | <u>383,048</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,500,000)</u> | <u>(111,776)</u> | <u>2,388,224</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(2,500,000)</u> | <u>(111,776)</u> | <u>2,388,224</u> |
| Fund balances (deficits), beginning of year | | 657,818 | 657,818 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (2,500,000)</u> | <u>\$ 546,042</u> | <u>\$ 3,046,042</u> |

| County, City, and Town Grants | | | Student Success | | |
|-------------------------------|-----------------|--------------------------------|-----------------|-----------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ 5,011 | \$ 5,011 | \$ | \$ | \$ |
| | <u>5,011</u> | <u>5,011</u> | | | |
| 2,000 | | 2,000 | | | |
| <u>2,000</u> | | <u>2,000</u> | | | |
| <u>(2,000)</u> | <u>5,011</u> | <u>7,011</u> | | | |
| | (61,626) | (61,626) | | 4 | 4 |
| | <u>(61,626)</u> | <u>(61,626)</u> | | <u>4</u> | <u>4</u> |
| <u>(2,000)</u> | <u>(56,615)</u> | <u>(54,615)</u> | | <u>4</u> | <u>4</u> |
| | 63,252 | 63,252 | | (4) | (4) |
| <u>\$ (2,000)</u> | <u>\$ 6,637</u> | <u>\$ 8,637</u> | <u>\$</u> | <u>\$</u> | <u>\$</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, 2016

| | Professional Development and Technology Grants | | |
|----------------------------------------------------------|------------------------------------------------|-----------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 1,714,498 | 1,714,498 |
| Total revenues | | 1,714,498 | 1,714,498 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 12,157 | 5,455 | 6,702 |
| Support services - students and staff | 3,536,843 | 1,587,002 | 1,949,841 |
| Support services - administration | 29,157 | 13,083 | 16,074 |
| Operation and maintenance of plant services | 6,053 | 2,716 | 3,337 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 3,584,210 | 1,608,256 | 1,975,954 |
| Excess (deficiency) of revenues over expenditures | (3,584,210) | 106,242 | 3,690,452 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | (106,242) | (106,242) | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | (106,242) | (106,242) | |
| Changes in fund balances | (3,690,452) | | 3,690,452 |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (3,690,452) | \$ | \$ 3,690,452 |

| Title IV Grants | | | Promote Informed Parent Choice | | |
|-----------------|-----------|--------------------------------|--------------------------------|---------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 2,452,634 | 2,452,634 | | 54,636 | 54,636 |
| | 2,452,634 | 2,452,634 | | 54,636 | 54,636 |
| 1,520,825 | 1,219,043 | 301,782 | | | |
| 1,058,536 | 848,488 | 210,048 | 271,579 | 51,215 | 220,364 |
| 268,339 | 215,092 | 53,247 | | | |
| 3,536 | 2,834 | 702 | | | |
| 187 | 150 | 37 | | | |
| 147 | 118 | 29 | | | |
| 17,745 | 14,224 | 3,521 | | | |
| 2,869,315 | 2,299,949 | 569,366 | 271,579 | 51,215 | 220,364 |
| (2,869,315) | 152,685 | 3,022,000 | (271,579) | 3,421 | 275,000 |
| (152,685) | (152,685) | | (3,421) | (3,421) | |
| (152,685) | (152,685) | | (3,421) | (3,421) | |
| (3,022,000) | | 3,022,000 | (275,000) | | 275,000 |
| \$ (3,022,000) | \$ | \$ 3,022,000 | \$ (275,000) | \$ | \$ 275,000 |

(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, 2016

| | Limited English & Immigrant Students | | Variance - Positive (Negative) |
|----------------------------------------------------------|--------------------------------------|----------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 714,946 | 714,946 |
| Total revenues | | 714,946 | 714,946 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 142,147 | 128,961 | 13,186 |
| Support services - students and staff | 626,454 | 568,345 | 58,109 |
| Support services - administration | | | |
| Operation and maintenance of plant services | 1,430 | 1,297 | 133 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 3,619 | 3,283 | 336 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 773,650 | 701,886 | 71,764 |
| Excess (deficiency) of revenues over expenditures | (773,650) | 13,060 | 786,710 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | (13,060) | (13,060) | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | (13,060) | (13,060) | |
| Changes in fund balances | (786,710) | | 786,710 |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (786,710) | \$ | \$ 786,710 |

| Indian Education | | | Special Education Grants | | |
|-----------------------|----------------|--------------------------------|--------------------------|------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 387,766 | 387,766 | | 9,115,329 | 9,115,329 |
| | <u>387,766</u> | <u>387,766</u> | | <u>9,115,329</u> | <u>9,115,329</u> |
| 3,273,781 | 317,524 | 2,956,257 | 6,699,089 | 4,979,327 | 1,719,762 |
| 655,325 | 63,560 | 591,765 | 4,502,778 | 3,346,844 | 1,155,934 |
| 65,718 | 6,374 | 59,344 | 45,364 | 33,718 | 11,646 |
| 3,176 | 308 | 2,868 | | | |
| | | | 265,733 | 197,515 | 68,218 |
| <u>3,998,000</u> | <u>387,766</u> | <u>3,610,234</u> | <u>11,512,964</u> | <u>8,557,404</u> | <u>2,955,560</u> |
| <u>(3,998,000)</u> | | <u>3,998,000</u> | <u>(11,512,964)</u> | <u>557,925</u> | <u>12,070,889</u> |
| | | | (557,925) | (557,925) | |
| | | | <u>(557,925)</u> | <u>(557,925)</u> | |
| <u>(3,998,000)</u> | | <u>3,998,000</u> | <u>(12,070,889)</u> | | <u>12,070,889</u> |
| <u>\$ (3,998,000)</u> | <u>\$</u> | <u>\$ 3,998,000</u> | <u>\$ (12,070,889)</u> | <u>\$</u> | <u>\$ 12,070,889</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, 2016

| | Johnson O'Malley | | Variance - Positive (Negative) |
|----------------------------------------------------------|--------------------|---------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 35,129 | 35,129 |
| Total revenues | | <u>35,129</u> | <u>35,129</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 36,862 | 28,937 | 7,925 |
| Support services - students and staff | 7,192 | 5,646 | 1,546 |
| Support services - administration | | | |
| Operation and maintenance of plant services | 696 | 546 | 150 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>44,750</u> | <u>35,129</u> | <u>9,621</u> |
| Excess (deficiency) of revenues over expenditures | <u>(44,750)</u> | | <u>44,750</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(44,750)</u> | | <u>44,750</u> |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (44,750)</u> | <u>\$</u> | <u>\$ 44,750</u> |

| Vocational Education | | | Homeless Education | | |
|----------------------|-----------|--------------------------------|--------------------|--------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 1,706,741 | 1,706,741 | | 8 | 8 |
| | 1,706,741 | 1,706,741 | | 8 | 8 |
| 618,170 | 546,448 | 71,722 | | | |
| 416,787 | 368,430 | 48,357 | | 8 | (8) |
| 103,636 | 91,612 | 12,024 | | | |
| 754,018 | 666,534 | 87,484 | | | |
| 1,892,611 | 1,673,024 | 219,587 | | 8 | (8) |
| (1,892,611) | 33,717 | 1,926,328 | | | |
| (33,717) | (33,717) | | | | |
| (33,717) | (33,717) | | | | |
| (1,926,328) | | 1,926,328 | | | |
| \$ (1,926,328) | \$ | \$ 1,926,328 | \$ | \$ | \$ |

(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, 2016

| | Medicaid Reimbursement | | |
|----------------------------------------------------------|------------------------|--------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ 4,177 | \$ 4,177 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 2,864,878 | 2,864,878 |
| Total revenues | | 2,869,055 | 2,869,055 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 2,411,467 | 993,749 | 1,417,718 |
| Support services - students and staff | 458,773 | 189,057 | 269,716 |
| Support services - administration | 2,129,760 | 877,659 | 1,252,101 |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 5,000,000 | 2,060,465 | 2,939,535 |
| Excess (deficiency) of revenues over expenditures | (5,000,000) | 808,590 | 5,808,590 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | (5,000,000) | 808,590 | 5,808,590 |
| Fund balances (deficits), beginning of year | | 2,997,428 | 2,997,428 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (5,000,000) | \$ 3,806,018 | \$ 8,806,018 |

| E-Rate | | | Impact Aid | | |
|-----------------------|-------------------|--------------------------------|-----------------------|---------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 1,437,276 | 1,437,276 | | 966,667 | 966,667 |
| | <u>1,437,276</u> | <u>1,437,276</u> | | <u>966,667</u> | <u>966,667</u> |
| 231,524 | 159,965 | 71,559 | 592,688 | 226,856 | 365,832 |
| 2,192,297 | 1,514,706 | 677,591 | 572,775 | 219,234 | 353,541 |
| 70,452 | 48,677 | 21,775 | | | |
| <u>2,494,273</u> | <u>1,723,348</u> | <u>770,925</u> | <u>1,165,463</u> | <u>446,090</u> | <u>719,373</u> |
| <u>(2,494,273)</u> | <u>(286,072)</u> | <u>2,208,201</u> | <u>(1,165,463)</u> | <u>520,577</u> | <u>1,686,040</u> |
| | | | | | |
| <u>(2,494,273)</u> | <u>(286,072)</u> | <u>2,208,201</u> | <u>(1,165,463)</u> | <u>520,577</u> | <u>1,686,040</u> |
| | 945,805 | 945,805 | | 697,273 | 697,273 |
| <u>\$ (2,494,273)</u> | <u>\$ 659,733</u> | <u>\$ 3,154,006</u> | <u>\$ (1,165,463)</u> | <u>\$ 1,217,850</u> | <u>\$ 2,383,313</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, 2016

| | Other Federal Projects | | Variance - Positive (Negative) |
|----------------------------------------------------------|------------------------|----------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | 710,920 | 710,920 |
| Total revenues | | 710,920 | 710,920 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 709,387 | 308,179 | 401,208 |
| Support services - students and staff | 679,678 | 295,273 | 384,405 |
| Support services - administration | 132,610 | 57,610 | 75,000 |
| Operation and maintenance of plant services | 21,235 | 9,225 | 12,010 |
| Student transportation services | 345 | 150 | 195 |
| Operation of non-instructional services | 18,256 | 7,931 | 10,325 |
| Capital outlay | 33,980 | 14,762 | 19,218 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 1,595,491 | 693,130 | 902,361 |
| Excess (deficiency) of revenues over expenditures | (1,595,491) | 17,790 | 1,613,281 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | (17,790) | (17,790) | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | (17,790) | (17,790) | |
| Changes in fund balances | (1,613,281) | | 1,613,281 |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (1,613,281) | \$ | \$ 1,613,281 |

| State Vocational Education | | | Chemical Abuse Prevention Programs | | |
|----------------------------|----------------|--------------------------------|------------------------------------|----------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ |
| | 446,924 | 446,924 | | 161,883 | 161,883 |
| | <u>446,924</u> | <u>446,924</u> | | <u>161,883</u> | <u>161,883</u> |
| 399,837 | 399,834 | 3 | 140,380 | 57,170 | 83,210 |
| 17,877 | 17,877 | | 165,781 | 67,515 | 98,266 |
| 29,213 | 29,213 | | 786 | 320 | 466 |
| | | | 31,580 | 12,861 | 18,719 |
| | | | 58,973 | 24,017 | 34,956 |
| <u>446,927</u> | <u>446,924</u> | <u>3</u> | <u>397,500</u> | <u>161,883</u> | <u>235,617</u> |
| <u>(446,927)</u> | | <u>446,927</u> | <u>(397,500)</u> | | <u>397,500</u> |
| | | | | | |
| <u>(446,927)</u> | | <u>446,927</u> | <u>(397,500)</u> | | <u>397,500</u> |
| | | | | | |
| <u>\$ (446,927)</u> | <u>\$</u> | <u>\$ 446,927</u> | <u>\$ (397,500)</u> | <u>\$</u> | <u>\$ 397,500</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, 2016

| | Other State Projects | | Variance - Positive (Negative) |
|----------------------------------------------------------|----------------------|----------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | 711,467 | 711,467 |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>711,467</u> | <u>711,467</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 107,058 | 77,235 | 29,823 |
| Support services - students and staff | 10,923 | 7,880 | 3,043 |
| Support services - administration | 2,100 | 1,515 | 585 |
| Operation and maintenance of plant services | 862,194 | 622,014 | 240,180 |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | 3,913 | 2,823 | 1,090 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>986,188</u> | <u>711,467</u> | <u>274,721</u> |
| Excess (deficiency) of revenues over expenditures | <u>(986,188)</u> | | <u>986,188</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(986,188)</u> | | <u>986,188</u> |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (986,188)</u> | <u>\$</u> | <u>\$ 986,188</u> |

| School Plant | | | Food Service | | |
|---------------------|---------------------|--------------------------------|------------------------|---------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 18,712 | \$ 18,712 | \$ | \$ 1,495,889 | \$ 1,495,889 |
| | <u>18,712</u> | <u>18,712</u> | | <u>17,705,168</u> | <u>17,705,168</u> |
| | <u>18,712</u> | <u>18,712</u> | | <u>19,201,057</u> | <u>19,201,057</u> |
| 777,000 | 65,351 | 711,649 | 6,134 | 6,068 | 66 |
| | | | 19,831,264 | 19,618,507 | 212,757 |
| | | | 43,013 | 42,552 | 461 |
| | | | 100,810 | 100,810 | |
| | | | 18,779 | 18,779 | |
| <u>777,000</u> | <u>65,351</u> | <u>711,649</u> | <u>20,000,000</u> | <u>19,786,716</u> | <u>213,284</u> |
| <u>(777,000)</u> | <u>(46,639)</u> | <u>730,361</u> | <u>(20,000,000)</u> | <u>(585,659)</u> | <u>19,414,341</u> |
| | | | | (750,000) | (750,000) |
| | <u>1,426,879</u> | <u>1,426,879</u> | | <u>(750,000)</u> | <u>(750,000)</u> |
| | <u>1,426,879</u> | <u>1,426,879</u> | | <u>(750,000)</u> | <u>(750,000)</u> |
| <u>(777,000)</u> | <u>1,380,240</u> | <u>2,157,240</u> | <u>(20,000,000)</u> | <u>(1,335,659)</u> | <u>18,664,341</u> |
| | 1,039,083 | 1,039,083 | | 4,368,366 | 4,368,366 |
| | | | | (134,184) | (134,184) |
| <u>\$ (777,000)</u> | <u>\$ 2,419,323</u> | <u>\$ 3,196,323</u> | <u>\$ (20,000,000)</u> | <u>\$ 2,898,523</u> | <u>\$ 22,898,523</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, 2016

| | Civic Center | | Variance - Positive (Negative) |
|----------------------------------------------------------|-----------------------|---------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 1,284,626 | \$ 1,284,626 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>1,284,626</u> | <u>1,284,626</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 180,075 | 61,402 | 118,673 |
| Support services - students and staff | 38,219 | 13,032 | 25,187 |
| Support services - administration | 893,001 | 304,495 | 588,506 |
| Operation and maintenance of plant services | 1,138,416 | 388,176 | 750,240 |
| Student transportation services | 880 | 300 | 580 |
| Operation of non-instructional services | 205 | 70 | 135 |
| Capital outlay | 1,249,246 | 425,967 | 823,279 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>3,500,042</u> | <u>1,193,442</u> | <u>2,306,600</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,500,042)</u> | <u>91,184</u> | <u>3,591,226</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(3,500,042)</u> | <u>91,184</u> | <u>3,591,226</u> |
| Fund balances (deficits), beginning of year | | 3,769,685 | 3,769,685 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (3,500,042)</u> | <u>\$ 3,860,869</u> | <u>\$ 7,360,911</u> |

| Community School | | | Auxiliary Operations | | |
|-----------------------|-------------------|--------------------------------|-----------------------|---------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ 3,885,234 | \$ 3,885,234 | \$ | \$ 1,375,954 | \$ 1,375,954 |
| | 616,737 | 616,737 | | | |
| | <u>4,501,971</u> | <u>4,501,971</u> | | <u>1,375,954</u> | <u>1,375,954</u> |
| | | | 734,863 | 388,403 | 346,460 |
| | | | 123,571 | 65,312 | 58,259 |
| | | | 319,315 | 168,770 | 150,545 |
| | | | 103,363 | 54,631 | 48,732 |
| 194 | 150 | 44 | 12,569 | 6,643 | 5,926 |
| 5,563,674 | 4,297,197 | 1,266,477 | 299,791 | 158,451 | 141,340 |
| 3,782 | 2,921 | 861 | 106,528 | 56,304 | 50,224 |
| | | | | | |
| <u>5,567,650</u> | <u>4,300,268</u> | <u>1,267,382</u> | <u>1,700,000</u> | <u>898,514</u> | <u>801,486</u> |
| <u>(5,567,650)</u> | <u>201,703</u> | <u>5,769,353</u> | <u>(1,700,000)</u> | <u>477,440</u> | <u>2,177,440</u> |
| | | | | | |
| | | | | | |
| <u>(5,567,650)</u> | <u>201,703</u> | <u>5,769,353</u> | <u>(1,700,000)</u> | <u>477,440</u> | <u>2,177,440</u> |
| | 366,842 | 366,842 | | 2,229,642 | 2,229,642 |
| | | | | | |
| <u>\$ (5,567,650)</u> | <u>\$ 568,545</u> | <u>\$ 6,136,195</u> | <u>\$ (1,700,000)</u> | <u>\$ 2,707,082</u> | <u>\$ 4,407,082</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, 2016

| | Extracurricular Activities Fees Tax Credit | | |
|----------------------------------------------------------|--------------------------------------------|--------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ 3,069,271 | \$ 3,069,271 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | 3,069,271 | 3,069,271 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 5,652,918 | 1,725,776 | 3,927,142 |
| Support services - students and staff | 1,713,826 | 523,213 | 1,190,613 |
| Support services - administration | | | |
| Operation and maintenance of plant services | 61,863 | 18,886 | 42,977 |
| Student transportation services | 769,640 | 234,963 | 534,677 |
| Operation of non-instructional services | 632 | 193 | 439 |
| Capital outlay | 301,121 | 91,929 | 209,192 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 8,500,000 | 2,594,960 | 5,905,040 |
| Excess (deficiency) of revenues over expenditures | (8,500,000) | 474,311 | 8,974,311 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | (8,500,000) | 474,311 | 8,974,311 |
| Fund balances (deficits), beginning of year | | 6,229,658 | 6,229,658 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (8,500,000) | \$ 6,703,969 | \$ 15,203,969 |

| Gifts and Donations | | | Career, Technical and Vocational Education | | |
|-----------------------|---------------------|--------------------------------|--------------------------------------------|-----------------|--------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 1,028,449 | \$ 1,028,449 | \$ | \$ 9 | \$ 9 |
| | <u>1,028,449</u> | <u>1,028,449</u> | | <u>9</u> | <u>9</u> |
| 1,409,019 | 371,911 | 1,037,108 | 2,500 | | 2,500 |
| 814,786 | 215,063 | 599,723 | | | |
| 66,679 | 17,600 | 49,079 | | | |
| 135,219 | 35,691 | 99,528 | | | |
| 82,140 | 21,681 | 60,459 | | | |
| 71,388 | 18,843 | 52,545 | | | |
| 420,769 | 111,062 | 309,707 | | | |
| <u>3,000,000</u> | <u>791,851</u> | <u>2,208,149</u> | <u>2,500</u> | | <u>2,500</u> |
| <u>(3,000,000)</u> | <u>236,598</u> | <u>3,236,598</u> | <u>(2,500)</u> | <u>9</u> | <u>2,509</u> |
| | | | | | |
| | | | | | |
| <u>(3,000,000)</u> | <u>236,598</u> | <u>3,236,598</u> | <u>(2,500)</u> | <u>9</u> | <u>2,509</u> |
| | 1,864,709 | 1,864,709 | | 1,966 | 1,966 |
| <u>\$ (3,000,000)</u> | <u>\$ 2,101,307</u> | <u>\$ 5,101,307</u> | <u>\$ (2,500)</u> | <u>\$ 1,975</u> | <u>\$ 4,475</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, 2016

| | Fingerprint | | Variance - Positive (Negative) |
|----------------------------------------------------------|--------------------|---------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 14,166 | \$ 14,166 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>14,166</u> | <u>14,166</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | | | |
| Support services - students and staff | | | |
| Support services - administration | 25,000 | 14,166 | 10,834 |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>25,000</u> | <u>14,166</u> | <u>10,834</u> |
| Excess (deficiency) of revenues over expenditures | <u>(25,000)</u> | | <u>25,000</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(25,000)</u> | | <u>25,000</u> |
| Fund balances (deficits), beginning of year | | 428 | 428 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (25,000)</u> | <u>\$ 428</u> | <u>\$ 25,428</u> |

| Insurance Proceeds | | | Textbooks | | |
|---------------------|-------------------|--------------------------------|---------------------|-------------------|--------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 71,974 | \$ 71,974 | \$ | \$ 29,935 | \$ 29,935 |
| | <u>71,974</u> | <u>71,974</u> | | <u>29,935</u> | <u>29,935</u> |
| | | | 129,047 | 19,117 | 109,930 |
| | | | 66,809 | 9,897 | 56,912 |
| 221,644 | 11,772 | 209,872 | | | |
| 55,750 | 2,961 | 52,789 | | | |
| 372,606 | 19,790 | 352,816 | 5,144 | 762 | 4,382 |
| <u>650,000</u> | <u>34,523</u> | <u>615,477</u> | <u>201,000</u> | <u>29,776</u> | <u>171,224</u> |
| <u>(650,000)</u> | <u>37,451</u> | <u>687,451</u> | <u>(201,000)</u> | <u>159</u> | <u>201,159</u> |
| | | | | | |
| | | | | | |
| <u>(650,000)</u> | <u>37,451</u> | <u>687,451</u> | <u>(201,000)</u> | <u>159</u> | <u>201,159</u> |
| | 348,017 | 348,017 | | 216,517 | 216,517 |
| <u>\$ (650,000)</u> | <u>\$ 385,468</u> | <u>\$ 1,035,468</u> | <u>\$ (201,000)</u> | <u>\$ 216,676</u> | <u>\$ 417,676</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, 2016

| | Litigation Recovery | | |
|----------------------------------------------------------|---------------------|--------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ 6,116 | \$ 6,116 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | <u>6,116</u> | <u>6,116</u> |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 10,000 | | 10,000 |
| Support services - students and staff | | | |
| Support services - administration | | | |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>10,000</u> | | <u>10,000</u> |
| Excess (deficiency) of revenues over expenditures | <u>(10,000)</u> | <u>6,116</u> | <u>16,116</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | <u>(10,000)</u> | <u>6,116</u> | <u>16,116</u> |
| Fund balances (deficits), beginning of year | | (91,137) | (91,137) |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | <u>\$ (10,000)</u> | <u>\$ (85,021)</u> | <u>\$ (75,021)</u> |

| Indirect Costs | | | Insurance Refund | | |
|------------------------|---------------------|--------------------------------|------------------|-----------------|--------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 18,784 | \$ 18,784 | \$ | \$ 78,264 | \$ 78,264 |
| | <u>18,784</u> | <u>18,784</u> | | <u>78,264</u> | <u>78,264</u> |
| 324,378 | 136,225 | 188,153 | | 1,625 | (1,625) |
| 7,572,296 | 3,180,040 | 4,392,256 | | 19,371 | (19,371) |
| 1,688,527 | 709,109 | 979,418 | | 56,466 | (56,466) |
| 414,799 | 174,198 | 240,601 | | | |
| <u>10,000,000</u> | <u>4,199,572</u> | <u>5,800,428</u> | | <u>77,462</u> | <u>(77,462)</u> |
| <u>(10,000,000)</u> | <u>(4,180,788)</u> | <u>5,819,212</u> | | <u>802</u> | <u>802</u> |
| | 3,004,868 | 3,004,868 | | | |
| | <u>3,004,868</u> | <u>3,004,868</u> | | | |
| <u>(10,000,000)</u> | <u>(1,175,920)</u> | <u>8,824,080</u> | | <u>802</u> | <u>802</u> |
| | 5,609,818 | 5,609,818 | | 2,730 | 2,730 |
| <u>\$ (10,000,000)</u> | <u>\$ 4,433,898</u> | <u>\$ 14,433,898</u> | <u>\$</u> | <u>\$ 3,532</u> | <u>\$ 3,532</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, 2016

| | Advertisement | | Variance - Positive (Negative) |
|----------------------------------------------------------|---------------|--------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | | |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 100,000 | | 100,000 |
| Support services - students and staff | | | |
| Support services - administration | | | |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 100,000 | | 100,000 |
| Excess (deficiency) of revenues over expenditures | (100,000) | | 100,000 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | (100,000) | | 100,000 |
| Fund balances (deficits), beginning of year | | | |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (100,000) | \$ | \$ 100,000 |

| Joint Technical Education | | | District Services | | |
|---------------------------|---------------------|--------------------------------|---------------------|-------------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ 2,331,543 | \$ 2,331,543 | \$ | \$ 524,473 | \$ 524,473 |
| | <u>2,331,543</u> | <u>2,331,543</u> | | <u>524,473</u> | <u>524,473</u> |
| 3,512,334 | 1,316,638 | 2,195,696 | | | |
| 1,115,415 | 418,126 | 697,289 | | | |
| 285,682 | 107,091 | 178,591 | 799,455 | 531,794 | 267,661 |
| 105,098 | 39,397 | 65,701 | | | |
| 42,533 | 15,944 | 26,589 | | | |
| 179,699 | 67,362 | 112,337 | 545 | 362 | 183 |
| <u>5,240,761</u> | <u>1,964,558</u> | <u>3,276,203</u> | <u>800,000</u> | <u>532,156</u> | <u>267,844</u> |
| <u>(5,240,761)</u> | <u>366,985</u> | <u>5,607,746</u> | <u>(800,000)</u> | <u>(7,683)</u> | <u>792,317</u> |
| | | | | | |
| <u>(5,240,761)</u> | <u>366,985</u> | <u>5,607,746</u> | <u>(800,000)</u> | <u>(7,683)</u> | <u>792,317</u> |
| | 1,418,889 | 1,418,889 | | 112,077 | 112,077 |
| <u>\$ (5,240,761)</u> | <u>\$ 1,785,874</u> | <u>\$ 7,026,635</u> | <u>\$ (800,000)</u> | <u>\$ 104,394</u> | <u>\$ 904,394</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, 2016

| | Intergovernmental Agreements | | |
|----------------------------------------------------------|------------------------------|--------------------|--------------------------------------|
| | Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ 187,345 | \$ 187,345 |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | 187,345 | 187,345 |
| Expenditures: | | | |
| Current - | | | |
| Instruction | 352,786 | 42,907 | 309,879 |
| Support services - students and staff | 247,214 | 30,067 | 217,147 |
| Support services - administration | | | |
| Operation and maintenance of plant services | | | |
| Student transportation services | | | |
| Operation of non-instructional services | | | |
| Capital outlay | | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 600,000 | 72,974 | 527,026 |
| Excess (deficiency) of revenues over expenditures | (600,000) | 114,371 | 714,371 |
| Other financing sources (uses): | | | |
| Transfers in | | 61,626 | 61,626 |
| Transfers out | | | |
| Proceeds from sale of capital assets | | | |
| Total other financing sources (uses): | | 61,626 | 61,626 |
| Changes in fund balances | (600,000) | 175,997 | 775,997 |
| Fund balances (deficits), beginning of year | | 196,348 | 196,348 |
| Increase (decrease) in reserve for inventory | | | |
| Fund balances (deficits), end of year | \$ (600,000) | \$ 372,345 | \$ 972,345 |

| Totals | | |
|-------------------------|----------------------|--------------------------------------|
| Budget | Non-GAAP Actual | Variance - Positive (Negative) |
| \$ | \$ 15,433,169 | \$ 15,433,169 |
| | 3,322,213 | 3,322,213 |
| | 40,483,333 | 40,483,333 |
| | <u>59,238,715</u> | <u>59,238,715</u> |
| 31,249,390 | 15,333,449 | 15,915,941 |
| 17,425,519 | 9,066,680 | 8,358,839 |
| 13,782,769 | 5,938,002 | 7,844,767 |
| 6,573,151 | 3,423,861 | 3,149,290 |
| 967,414 | 283,250 | 684,164 |
| 25,785,357 | 24,101,310 | 1,684,047 |
| 4,305,685 | 1,965,044 | 2,340,641 |
| 100,810 | 100,810 | |
| 18,779 | 18,779 | |
| <u>100,208,874</u> | <u>60,231,185</u> | <u>39,977,689</u> |
| <u>(100,208,874)</u> | <u>(992,470)</u> | <u>99,216,404</u> |
| | 3,066,498 | 3,066,498 |
| (884,840) | (1,696,466) | (811,626) |
| | 1,426,879 | 1,426,879 |
| <u>(884,840)</u> | <u>2,796,911</u> | <u>3,681,751</u> |
| <u>(101,093,714)</u> | <u>1,804,441</u> | <u>102,898,155</u> |
| | 33,045,210 | 33,045,210 |
| | (134,184) | (134,184) |
| <u>\$ (101,093,714)</u> | <u>\$ 34,715,467</u> | <u>\$ 135,809,181</u> |

(This page intentionally left blank)

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
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

| | Debt Service | | Variance - Positive (Negative) |
|----------------------------------------------------------|------------------------|---------------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ 43,945 | \$ 43,945 |
| Property taxes | | 24,457,420 | 24,457,420 |
| Federal aid, grants and reimbursements | | 1,262,863 | 1,262,863 |
| Total revenues | | <u>25,764,228</u> | <u>25,764,228</u> |
| Expenditures: | | | |
| Debt service - | | | |
| Principal retirement | 14,800,000 | 14,800,000 | |
| Interest and fiscal charges | 9,400,000 | 9,229,489 | 170,511 |
| Total expenditures | <u>24,200,000</u> | <u>24,029,489</u> | <u>170,511</u> |
| Excess (deficiency) of revenues over expenditures | <u>(24,200,000)</u> | <u>1,734,739</u> | <u>25,934,739</u> |
| Other financing sources (uses): | | | |
| Transfers in | | 43 | 43 |
| Total other financing sources (uses): | | <u>43</u> | <u>43</u> |
| Changes in fund balances | <u>(24,200,000)</u> | <u>1,734,782</u> | <u>25,934,782</u> |
| Fund balances, beginning of year | | 2,076,171 | 2,076,171 |
| Fund balances (deficits), end of year | <u>\$ (24,200,000)</u> | <u>\$ 3,810,953</u> | <u>\$ 28,010,953</u> |

CAPITAL PROJECTS FUNDS

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

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

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.

Energy and Water Savings - to account for capital investment monies, energy related rebate, or grant monies, and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

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, 2016

| | <u>Adjacent Ways</u> | <u>Condemnation</u> | <u>Energy and Water Savings</u> |
|--------------------------------------------------------------------------------|--------------------------|-------------------------|-------------------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ | \$ 21,628 | \$ |
| Cash and investments-restricted | | | 144,687 |
| Property taxes receivable | 29,922 | | |
| Due from other funds | <u>867,660</u> | | <u>578,429</u> |
| Total assets | <u><u>\$ 897,582</u></u> | <u><u>\$ 21,628</u></u> | <u><u>\$ 723,116</u></u> |
| | | | |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 3,834 | \$ | \$ 188,865 |
| Due to other funds | | | |
| Total liabilities | <u>3,834</u> | | <u>188,865</u> |
| | | | |
| Deferred inflows of resources: | | | |
| Unavailable revenues - property taxes | <u>29,922</u> | | |
| | | | |
| Fund balances (deficits): | | | |
| Restricted | 863,826 | 21,628 | 534,251 |
| Unassigned | | | |
| Total fund balances | <u>863,826</u> | <u>21,628</u> | <u>534,251</u> |
| | | | |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 897,582</u></u> | <u><u>\$ 21,628</u></u> | <u><u>\$ 723,116</u></u> |

| <u>Building Renewal Grant</u> | <u>Totals</u> |
|-----------------------------------|---------------------|
| \$ | \$ 21,628 |
| | 144,687 |
| | 29,922 |
| | <u>1,446,089</u> |
| <u>\$</u> | <u>\$ 1,642,326</u> |

| | |
|----------------|----------------|
| \$ 121,559 | \$ 314,258 |
| <u>79,896</u> | <u>79,896</u> |
| <u>201,455</u> | <u>394,154</u> |

| | |
|--|---------------|
| | <u>29,922</u> |
|--|---------------|

| | |
|------------------|------------------|
| | 1,419,705 |
| <u>(201,455)</u> | <u>(201,455)</u> |
| <u>(201,455)</u> | <u>1,218,250</u> |

| | |
|-----------|---------------------|
| <u>\$</u> | <u>\$ 1,642,326</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, 2016

| | <u>Adjacent Ways</u> | <u>Bond Building</u> | <u>Condemnation</u> |
|----------------------------------------------------------|----------------------|----------------------|---------------------|
| Revenues: | | | |
| Other local | \$ 4,096 | \$ | \$ 99 |
| Property taxes | 4,127 | | |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | <u>8,223</u> | <u></u> | <u>99</u> |
| Expenditures: | | | |
| Capital outlay | 53,602 | | |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | <u>53,602</u> | <u></u> | <u></u> |
| Excess (deficiency) of revenues over expenditures | <u>(45,379)</u> | <u></u> | <u>99</u> |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | (43) | |
| Total other financing sources (uses): | | <u>(43)</u> | |
| Changes in fund balances | <u>(45,379)</u> | <u>(43)</u> | <u>99</u> |
| Fund balances (deficits), beginning of year | 909,205 | 43 | 21,529 |
| Fund balances (deficits), end of year | <u>\$ 863,826</u> | <u>\$</u> | <u>\$ 21,628</u> |

| <u>Energy and Water Savings</u> | <u>Building Renewal Grant</u> | <u>Totals</u> |
|-------------------------------------|-----------------------------------|---------------------|
| \$ 655,733 | \$ | \$ 659,928 |
| | | 4,127 |
| 590,606 | 523,629 | 523,629 |
| <u>1,246,339</u> | <u>523,629</u> | <u>1,778,290</u> |
| 6,644,395 | 701,324 | 7,399,321 |
| 1,521,501 | | 1,521,501 |
| 1,252,658 | | 1,252,658 |
| <u>9,418,554</u> | <u>701,324</u> | <u>10,173,480</u> |
| <u>(8,172,215)</u> | <u>(177,695)</u> | <u>(8,395,190)</u> |
| 2,101,199 | | 2,101,199 |
| <u>2,101,199</u> | | <u>(43)</u> |
| <u>(6,071,016)</u> | <u>(177,695)</u> | <u>2,101,156</u> |
| 6,605,267 | (23,760) | (6,294,034) |
| <u>\$ 534,251</u> | <u>\$ (201,455)</u> | <u>\$ 7,512,284</u> |
| | | <u>\$ 1,218,250</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, 2016

| | Unrestricted Capital Outlay | | |
|----------------------------------------------------------|-----------------------------|--------------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ 148,216 | \$ 148,216 |
| Property taxes | | 13,939,717 | 13,939,717 |
| State aid and grants | | 6,634,477 | 6,634,477 |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | 20,722,410 | 20,722,410 |
| Expenditures: | | | |
| Capital outlay | 18,330,632 | 16,105,932 | 2,224,700 |
| Debt service - | | | |
| Principal retirement | 7,363,102 | 7,363,102 | |
| Interest and fiscal charges | 570,806 | 570,806 | |
| Total expenditures | 26,264,540 | 24,039,840 | 2,224,700 |
| Excess (deficiency) of revenues over expenditures | (26,264,540) | (3,317,430) | 22,947,110 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | (26,264,540) | (3,317,430) | 22,947,110 |
| Fund balances (deficits), beginning of year | | 5,370,911 | 5,370,911 |
| Fund balances (deficits), end of year | \$ (26,264,540) | \$ 2,053,481 | \$ 28,318,021 |

| Adjacent Ways | | | Bond Building | | |
|-----------------------|-------------------|--------------------------------|---------------|-------------|--------------------------------|
| Budget | Actual | Variance - Positive (Negative) | Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 4,096 4,127 | \$ 4,096 4,127 | \$ | \$ | \$ |
| | <u>8,223</u> | <u>8,223</u> | | | |
| 1,200,000 | 53,602 | 1,146,398 | | | |
| <u>1,200,000</u> | <u>53,602</u> | <u>1,146,398</u> | | | |
| <u>(1,200,000)</u> | <u>(45,379)</u> | <u>1,154,621</u> | | | |
| | | | | (43) | (43) |
| | | | | (43) | (43) |
| <u>(1,200,000)</u> | <u>(45,379)</u> | <u>1,154,621</u> | | <u>(43)</u> | <u>(43)</u> |
| | 909,205 | 909,205 | | 43 | 43 |
| <u>\$ (1,200,000)</u> | <u>\$ 863,826</u> | <u>\$ 2,063,826</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

| | Gifts and Donations - Capital | | |
|----------------------------------------------------------|-------------------------------|--------|--------------------------------------|
| | Budget | Actual | Variance - Positive (Negative) |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| Property taxes | | | |
| State aid and grants | | | |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | | |
| Expenditures: | | | |
| Capital outlay | 20,000 | | 20,000 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 20,000 | | 20,000 |
| Excess (deficiency) of revenues over expenditures | (20,000) | | 20,000 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | (20,000) | | 20,000 |
| Fund balances (deficits), beginning of year | | | |
| Fund balances (deficits), end of year | \$ (20,000) | \$ | \$ 20,000 |

| <u>Condemnation</u> | | | <u>Energy and Water Savings</u> | | |
|---------------------|---------------|-----------------------------------------------|---------------------------------|---------------|-----------------------------------------------|
| <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
| \$ | \$ 99 | \$ 99 | \$ | \$ 655,733 | \$ 655,733 |
| | | | | 590,606 | 590,606 |
| | 99 | 99 | | 1,246,339 | 1,246,339 |
| 22,000 | | 22,000 | 10,225,841 | 6,644,395 | 3,581,446 |
| | | | 1,521,501 | 1,521,501 | |
| | | | 1,252,658 | 1,252,658 | |
| 22,000 | | 22,000 | 13,000,000 | 9,418,554 | 3,581,446 |
| (22,000) | 99 | 22,099 | (13,000,000) | (8,172,215) | 4,827,785 |
| | | | | 2,101,199 | 2,101,199 |
| | | | | 2,101,199 | 2,101,199 |
| (22,000) | 99 | 22,099 | (13,000,000) | (6,071,016) | 6,928,984 |
| | 21,529 | 21,529 | | 6,605,267 | 6,605,267 |
| \$ (22,000) | \$ 21,628 | \$ 43,628 | \$ (13,000,000) | \$ 534,251 | \$ 13,534,251 |

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

| | Building Renewal Grant | | Variance - Positive (Negative) |
|----------------------------------------------------------|------------------------|--------------|--------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Other local | \$ | \$ | \$ |
| Property taxes | | | |
| State aid and grants | | 523,629 | 523,629 |
| Federal aid, grants and reimbursements | | | |
| Total revenues | | 523,629 | 523,629 |
| Expenditures: | | | |
| Capital outlay | 1,400,000 | 701,324 | 698,676 |
| Debt service - | | | |
| Principal retirement | | | |
| Interest and fiscal charges | | | |
| Total expenditures | 1,400,000 | 701,324 | 698,676 |
| Excess (deficiency) of revenues over expenditures | (1,400,000) | (177,695) | 1,222,305 |
| Other financing sources (uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses): | | | |
| Changes in fund balances | (1,400,000) | (177,695) | 1,222,305 |
| Fund balances (deficits), beginning of year | | (23,760) | (23,760) |
| Fund balances (deficits), end of year | \$ (1,400,000) | \$ (201,455) | \$ 1,198,545 |

| Totals | | |
|------------------------|---------------------|--------------------------------------|
| Budget | Actual | Variance - Positive (Negative) |
| \$ | \$ 808,144 | \$ 808,144 |
| | 13,943,844 | 13,943,844 |
| | 7,158,106 | 7,158,106 |
| | 590,606 | 590,606 |
| | <u>22,500,700</u> | <u>22,500,700</u> |
| 31,198,473 | 23,505,253 | 7,693,220 |
| 8,884,603 | 8,884,603 | |
| 1,823,464 | 1,823,464 | |
| <u>41,906,540</u> | <u>34,213,320</u> | <u>7,693,220</u> |
| <u>(41,906,540)</u> | <u>(11,712,620)</u> | <u>30,193,920</u> |
| | 2,101,199 | 2,101,199 |
| | (43) | (43) |
| | <u>2,101,156</u> | <u>2,101,156</u> |
| <u>(41,906,540)</u> | <u>(9,611,464)</u> | <u>32,295,076</u> |
| | 12,883,195 | 12,883,195 |
| <u>\$ (41,906,540)</u> | <u>\$ 3,271,731</u> | <u>\$ 45,178,271</u> |

(This page intentionally left blank)

INTERNAL SERVICE FUNDS

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2016

| | <u>Employee Benefit Trust</u> | <u>Workers' Compensation Trust</u> | <u>Totals</u> |
|------------------------------|-----------------------------------|--------------------------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and investments | \$ 27,752,462 | \$ 8,038,160 | \$ 35,790,622 |
| Accounts receivable | 16,131 | 300,587 | 316,718 |
| Total current assets | <u>27,768,593</u> | <u>8,338,747</u> | <u>36,107,340</u> |
| Total assets | <u>27,768,593</u> | <u>8,338,747</u> | <u>36,107,340</u> |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | 345,729 | 2,767,767 | 3,113,496 |
| Claims payable | <u>2,067,365</u> | <u>600,000</u> | <u>2,667,365</u> |
| Total current liabilities | <u>2,413,094</u> | <u>3,367,767</u> | <u>5,780,861</u> |
| Noncurrent liabilities: | | | |
| Claims payable | <u> </u> | <u>3,529,050</u> | <u>3,529,050</u> |
| Total noncurrent liabilities | <u> </u> | <u>3,529,050</u> | <u>3,529,050</u> |
| Total liabilities | <u>2,413,094</u> | <u>6,896,817</u> | <u>9,309,911</u> |
| <u>NET POSITION</u> | | | |
| Unrestricted | <u>25,355,499</u> | <u>1,441,930</u> | <u>26,797,429</u> |
| Total net position | <u>\$ 25,355,499</u> | <u>\$ 1,441,930</u> | <u>\$ 26,797,429</u> |

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, 2016

| | Employee Benefit Trust | Workers' Compensation Trust | Totals |
|-----------------------------------------------|---------------------------|-----------------------------------|----------------------|
| Operating revenues: | | | |
| Contributions | \$ 26,371,230 | \$ 3,904,086 | \$ 30,275,316 |
| Other | 567,578 | | 567,578 |
| Total operating revenues | <u>26,938,808</u> | <u>3,904,086</u> | <u>30,842,894</u> |
| Operating expenses: | | | |
| Claims | 25,719,608 | 445,246 | 26,164,854 |
| Premiums | 510,038 | 2,797,972 | 3,308,010 |
| Administrative fees | 2,024,720 | 181,133 | 2,205,853 |
| Other | 68,104 | 8,378 | 76,482 |
| Total operating expenses | <u>28,322,470</u> | <u>3,432,729</u> | <u>31,755,199</u> |
| Operating income (loss) | <u>(1,383,662)</u> | <u>471,357</u> | <u>(912,305)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment income | 252,173 | 24,810 | 276,983 |
| Total nonoperating revenues (expenses) | <u>252,173</u> | <u>24,810</u> | <u>276,983</u> |
| Changes in net position | <u>(1,131,489)</u> | <u>496,167</u> | <u>(635,322)</u> |
| Total net position, beginning of year | 26,486,988 | 945,763 | 27,432,751 |
| Total net position, end of year | <u>\$ 25,355,499</u> | <u>\$ 1,441,930</u> | <u>\$ 26,797,429</u> |

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

| | Employee Benefit Trust | Workers' Compensation Trust | Totals |
|---------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------|----------------------|
| <u>Increase (Decrease) in Cash and Cash Equivalents</u> | | | |
| Cash flows from operating activities: | | | |
| Cash received from contributions | \$ 28,534,985 | \$ 3,603,499 | \$ 32,138,484 |
| Cash payments for claims | (26,740,321) | (504,448) | (27,244,769) |
| Cash payments to suppliers for goods and services | (2,283,574) | (219,716) | (2,503,290) |
| | (488,910) | 2,879,335 | 2,390,425 |
| Cash flows from investing activities: | | | |
| Investment income | 252,173 | 24,810 | 276,983 |
| | 252,173 | 24,810 | 276,983 |
| Net increase (decrease) in cash and cash equivalents | (236,737) | 2,904,145 | 2,667,408 |
| Cash and cash equivalents, beginning of year | 27,989,199 | 5,134,015 | 33,123,214 |
| Cash and cash equivalents, end of year | \$ 27,752,462 | \$ 8,038,160 | \$ 35,790,622 |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u> | | | |
| Operating income (loss) | \$ (1,383,662) | \$ 471,357 | \$ (912,305) |
| Changes in assets and liabilities: | | | |
| Increase in accounts receivable | (16,131) | (300,587) | (316,718) |
| Decrease in due from other funds | 2,179,886 | | 2,179,886 |
| Increase (decrease) in accounts payable | 319,288 | 2,767,767 | 3,087,055 |
| Increase (decrease) in claims payable | (1,588,291) | (59,202) | (1,647,493) |
| | 894,752 | 2,407,978 | 3,302,730 |
| Total adjustments | 894,752 | 2,407,978 | 3,302,730 |
| Net cash provided by (used for) operating activities | \$ (488,910) | \$ 2,879,335 | \$ 2,390,425 |

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

| | Student Activities | Employee Insurance | Totals |
|-------------------------------|-----------------------|-----------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 2,724,978 | \$ 3,361,893 | \$ 6,086,871 |
| Total assets | \$ 2,724,978 | \$ 3,361,893 | \$ 6,086,871 |
| <u>LIABILITIES</u> | | | |
| Deposits held for others | \$ | \$ 3,361,893 | \$ 3,361,893 |
| Due to student groups | 2,724,978 | | 2,724,978 |
| Total liabilities | \$ 2,724,978 | \$ 3,361,893 | \$ 6,086,871 |

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2016**

| | <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>2,003,564</u> | \$ <u>2,143,351</u> | \$ <u>1,421,937</u> | \$ <u>2,724,978</u> |
| Total assets | \$ <u><u>2,003,564</u></u> | \$ <u><u>2,143,351</u></u> | \$ <u><u>1,421,937</u></u> | \$ <u><u>2,724,978</u></u> |
| <u>Liabilities</u> | | | | |
| Due to student groups | \$ <u>2,003,564</u> | \$ <u>2,143,351</u> | \$ <u>1,421,937</u> | \$ <u>2,724,978</u> |
| Total liabilities | \$ <u><u>2,003,564</u></u> | \$ <u><u>2,143,351</u></u> | \$ <u><u>1,421,937</u></u> | \$ <u><u>2,724,978</u></u> |
| <u>EMPLOYEE INSURANCE FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ <u>5,943,930</u> | \$ <u>34,080,539</u> | \$ <u>36,662,576</u> | \$ <u>3,361,893</u> |
| Total assets | \$ <u><u>5,943,930</u></u> | \$ <u><u>34,080,539</u></u> | \$ <u><u>36,662,576</u></u> | \$ <u><u>3,361,893</u></u> |
| <u>Liabilities</u> | | | | |
| Deposits held for others | \$ <u>3,764,044</u> | \$ <u>34,080,539</u> | \$ <u>34,482,690</u> | \$ <u>3,361,893</u> |
| Due to other funds | <u>2,179,886</u> | <u> </u> | <u>2,179,886</u> | <u> </u> |
| Total liabilities | \$ <u><u>5,943,930</u></u> | \$ <u><u>34,080,539</u></u> | \$ <u><u>36,662,576</u></u> | \$ <u><u>3,361,893</u></u> |
| <u>TOTAL AGENCY FUNDS</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ <u>7,947,494</u> | \$ <u>36,223,890</u> | \$ <u>38,084,513</u> | \$ <u>6,086,871</u> |
| Total assets | \$ <u><u>7,947,494</u></u> | \$ <u><u>36,223,890</u></u> | \$ <u><u>38,084,513</u></u> | \$ <u><u>6,086,871</u></u> |
| <u>Liabilities</u> | | | | |
| Deposits held for others | \$ <u>3,764,044</u> | \$ <u>34,080,539</u> | \$ <u>34,482,690</u> | \$ <u>3,361,893</u> |
| Due to other funds | <u>2,179,886</u> | <u> </u> | <u>2,179,886</u> | <u> </u> |
| Due to student groups | <u>2,003,564</u> | <u>2,143,351</u> | <u>1,421,937</u> | <u>2,724,978</u> |
| Total liabilities | \$ <u><u>7,947,494</u></u> | \$ <u><u>36,223,890</u></u> | \$ <u><u>38,084,513</u></u> | \$ <u><u>6,086,871</u></u> |

(This page intentionally left blank)

Statistical Section



Tucson Unified is where
Students love to **L**earn
Teachers love to **T**each
and People love **W**ork
We are **T**eam TUSD



STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

(This page intentionally left blank)

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

| | Fiscal Year Ended June 30 | | | | |
|----------------------------------|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Net Position: | | | | | |
| Net investment in capital assets | \$ 485,420,031 | \$ 483,557,940 | \$ 478,823,950 | \$ 478,208,141 | \$ 453,090,065 |
| Restricted | 47,868,859 | 51,883,159 | 36,973,962 | 38,076,040 | 50,858,186 |
| Unrestricted | <u>(369,873,406)</u> | <u>(401,875,725)</u> | <u>57,072,295</u> | <u>39,993,726</u> | <u>48,723,218</u> |
| Total net position | <u><u>\$ 163,415,484</u></u> | <u><u>\$ 133,565,374</u></u> | <u><u>\$ 572,870,207</u></u> | <u><u>\$ 556,277,907</u></u> | <u><u>\$ 552,671,469</u></u> |
| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| Net Position: | | | | | |
| Net investment in capital assets | \$ 434,745,660 | \$ 408,491,273 | \$ 395,715,727 | \$ 369,666,112 | \$ 342,578,365 |
| Restricted | 65,412,105 | 17,714,726 | 28,815,960 | 38,421,018 | 40,078,833 |
| Unrestricted | <u>44,383,800</u> | <u>63,439,513</u> | <u>19,851,658</u> | <u>34,427,961</u> | <u>25,250,544</u> |
| Total net position | <u><u>\$ 544,541,565</u></u> | <u><u>\$ 489,645,512</u></u> | <u><u>\$ 444,383,345</u></u> | <u><u>\$ 442,515,091</u></u> | <u><u>\$ 407,907,742</u></u> |

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

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

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

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

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2001 therefore only six years are shown.

(Continued)

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>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses | | | | | |
| Instruction | \$ 232,454,534 | \$ 249,555,054 | \$ 274,064,584 | \$ 277,859,085 | \$ 265,531,648 |
| Support services - students and staff | 70,371,615 | 68,096,321 | 73,312,642 | 77,635,780 | 68,928,241 |
| Support services - administration | 42,737,361 | 40,736,506 | 42,115,765 | 47,148,478 | 47,831,765 |
| Operation and maintenance of plant services | 56,053,302 | 55,307,716 | 57,068,774 | 57,591,997 | 54,554,170 |
| Student transportation services | 23,345,392 | 24,061,246 | 23,266,202 | 26,331,263 | 23,142,644 |
| Operation of non-instructional services | 18,430,745 | 18,992,991 | 19,192,468 | 18,759,077 | 21,506,993 |
| Interest on long-term debt | 15,517,905 | 14,045,722 | 14,868,122 | 14,047,689 | 13,493,610 |
| Total expenses | <u>458,910,854</u> | <u>470,795,556</u> | <u>503,888,557</u> | <u>519,373,369</u> | <u>494,989,071</u> |
| Program Revenues | | | | | |
| Charges for services: | | | | | |
| Instruction | 3,293,113 | 12,652,780 | 8,452,639 | 8,162,423 | 3,706,972 |
| Operation of non-instructional services | 3,204,525 | 3,640,047 | 4,222,326 | 4,615,045 | 7,620,078 |
| Other activities | 668,536 | 897,087 | 915,321 | 813,792 | 3,345,738 |
| Operating grants and contributions | 87,020,303 | 77,282,861 | 66,930,683 | 69,575,109 | 63,854,736 |
| Capital grants and contributions | 3,347,591 | 5,455,281 | 1,675,625 | 3,207,618 | 2,006,641 |
| Total program revenues | <u>97,534,068</u> | <u>99,928,056</u> | <u>82,196,594</u> | <u>86,373,987</u> | <u>80,534,165</u> |
| Net (Expense)/Revenue | <u>\$ (361,376,786)</u> | <u>\$ (370,867,500)</u> | <u>\$ (421,691,963)</u> | <u>\$ (432,999,382)</u> | <u>\$ (414,454,906)</u> |

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

(Concluded)

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

| | Fiscal Year Ended June 30 | | | | |
|---------------------------------------------|----------------------------------|----------------------|----------------------|---------------------|---------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Net (Expense)/Revenue | \$ (339,173,475) | \$ (338,059,943) | \$ (349,930,906) | \$ (371,415,121) | \$ (374,456,467) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | 141,731,194 | 142,745,273 | 151,093,018 | 164,258,242 | 155,769,383 |
| Property taxes, levied for debt service | 24,614,671 | 21,151,962 | 42,704,992 | 39,875,831 | 50,749,259 |
| Property taxes, levied for capital outlay | 13,925,324 | 18,421,667 | 2,782,396 | 6,463,393 | 2,156,401 |
| Investment income | 557,570 | 530,244 | 352,847 | 740,367 | 675,595 |
| Unrestricted county aid | 13,151,610 | 13,033,210 | 14,097,314 | 14,372,495 | 13,918,868 |
| Unrestricted state aid | 171,211,671 | 164,102,726 | 152,463,686 | 146,611,426 | 158,195,164 |
| Unrestricted federal aid | 3,831,545 | 2,158,284 | 3,028,953 | 2,699,805 | 1,121,701 |
| Total general revenues | <u>369,023,585</u> | <u>362,143,366</u> | <u>366,523,206</u> | <u>375,021,559</u> | <u>382,586,371</u> |
| Changes in Net Position | <u>\$ 29,850,110</u> | <u>\$ 24,083,423</u> | <u>\$ 16,592,300</u> | <u>\$ 3,606,438</u> | <u>\$ 8,129,904</u> |

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2001 therefore only six years are shown.

(Continued)

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>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| Net (Expense)/Revenue | \$ (361,376,786) | \$ (370,867,500) | \$ (421,691,963) | \$ (432,999,382) | \$ (414,454,906) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | 122,512,450 | 142,759,522 | 131,633,343 | 134,956,549 | 131,350,704 |
| Property taxes, levied for debt service | 46,598,982 | 44,806,399 | 46,393,710 | 43,991,425 | 41,675,953 |
| Property taxes, levied for capital outlay | 25,031,169 | 378,741 | 12,258,603 | 9,719,093 | 7,349,019 |
| Investment income | 817,368 | 1,099,217 | 2,134,966 | 5,312,571 | 5,823,418 |
| Unrestricted county aid | 12,889,153 | 12,191,663 | 141,544 | | 137,385 |
| Unrestricted state aid | 190,988,261 | 202,282,511 | 229,617,096 | 272,140,866 | 267,218,685 |
| Unrestricted federal aid | 3,657,865 | 21,611,614 | 1,380,955 | 1,486,227 | 1,280,320 |
| Total general revenues | <u>402,495,248</u> | <u>425,129,667</u> | <u>423,560,217</u> | <u>467,606,731</u> | <u>454,835,484</u> |
| Changes in Net Position | <u>\$ 41,118,462</u> | <u>\$ 54,262,167</u> | <u>\$ 1,868,254</u> | <u>\$ 34,607,349</u> | <u>\$ 40,380,578</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
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

| | Fiscal Year Ended June 30 | | | | |
|------------------------------------|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| General Fund: | | | | | |
| Nonspendable | \$ 1,532,880 | \$ 1,568,190 | \$ 1,401,642 | \$ 1,354,618 | \$ 1,696,474 |
| Unassigned | 30,871,023 | 27,952,038 | 30,539,900 | 31,111,961 | 44,949,267 |
| Total General Fund | <u>\$ 32,403,903</u> | <u>\$ 29,520,228</u> | <u>\$ 31,941,542</u> | <u>\$ 32,466,579</u> | <u>\$ 46,645,741</u> |
| All Other Governmental Funds: | | | | | |
| Nonspendable | \$ 643,318 | \$ 777,502 | \$ 928,999 | \$ 1,203,182 | \$ 1,192,659 |
| Restricted | 44,700,979 | 47,643,989 | 33,487,783 | 47,338,139 | 91,678,314 |
| Committed | 2,419,323 | 1,039,083 | 910,868 | 747,383 | 697,442 |
| Unassigned | (201,455) | (23,760) | (2,825,169) | (32,372) | (112) |
| Total all other governmental funds | <u>\$ 47,562,165</u> | <u>\$ 49,436,814</u> | <u>\$ 32,502,481</u> | <u>\$ 49,256,332</u> | <u>\$ 93,568,303</u> |

(Continued)

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

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|
| General Fund: | | | | | |
| Nonspendable | \$ 2,516,592 | \$ | \$ | \$ | \$ |
| Unassigned | 41,673,112 | | | | |
| Reserved | | 18,561,991 | 2,473,779 | 2,156,886 | 1,887,451 |
| Unreserved | | 24,431,693 | 10,247,050 | 17,065,201 | 10,979,393 |
| Total General Fund | <u>\$ 44,189,704</u> | <u>\$ 42,993,684</u> | <u>\$ 12,720,829</u> | <u>\$ 19,222,087</u> | <u>\$ 12,866,844</u> |
| All Other Governmental Funds: | | | | | |
| Nonspendable | \$ 1,151,571 | \$ | \$ | \$ | \$ |
| Restricted | 130,932,893 | | | | |
| Committed | 1,840,152 | | | | |
| Unassigned | (22,815) | | | | |
| Reserved | | 456,094 | 448,178 | 457,812 | 291,620 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | | 35,070,776 | 27,647,952 | 26,442,348 | 19,375,714 |
| Capital projects funds | | 45,131,394 | 71,961,823 | 62,315,116 | 61,188,523 |
| Debt service fund | | 12,084,405 | 10,952,462 | 9,308,507 | 10,602,874 |
| Total all other governmental funds | <u>\$ 133,901,801</u> | <u>\$ 92,742,669</u> | <u>\$ 111,010,415</u> | <u>\$ 98,523,783</u> | <u>\$ 91,458,731</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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Federal sources: | | | | | |
| Federal grants | \$ 44,769,017 | \$ 42,860,201 | \$ 49,697,352 | \$ 51,441,832 | \$ 60,941,360 |
| Education Jobs | | | | | 4,322,415 |
| Impact Aid | 966,667 | 728,590 | 676,045 | 1,206,125 | 1,121,701 |
| National School Lunch Program | 17,705,168 | 18,181,402 | 18,011,161 | 17,567,092 | 17,017,815 |
| Interest Subsidy | 1,853,469 | 2,365,903 | 1,257,444 | 1,296,061 | 1,355,003 |
| Total federal sources | <u>65,294,321</u> | <u>64,136,096</u> | <u>69,642,002</u> | <u>71,511,110</u> | <u>84,758,294</u> |
| State sources: | | | | | |
| State equalization assistance | 147,561,816 | 143,771,604 | 132,185,366 | 128,594,364 | 142,586,526 |
| State grants | 796,650 | 548,195 | 997,741 | 1,838,710 | 1,004,308 |
| School Facilities Board | 523,629 | 726,400 | | | |
| Other revenues | 23,043,329 | 20,331,122 | 20,277,532 | 17,285,416 | 15,835,725 |
| Total state sources | <u>171,925,424</u> | <u>165,377,321</u> | <u>153,460,639</u> | <u>147,718,490</u> | <u>159,426,559</u> |
| Local sources: | | | | | |
| Property taxes | 179,330,981 | 184,034,798 | 195,388,011 | 209,545,368 | 210,099,111 |
| County aid | 13,151,610 | 13,033,210 | 14,097,314 | 14,372,495 | 13,918,868 |
| Food service sales | 1,400,598 | 1,909,739 | 2,003,028 | 2,200,959 | 2,122,437 |
| Investment income | 280,587 | 164,796 | 187,195 | 421,413 | 461,420 |
| Other revenues | 15,182,965 | 14,242,254 | 12,882,717 | 11,731,552 | 12,108,138 |
| Total local sources | <u>209,346,741</u> | <u>213,384,797</u> | <u>224,558,265</u> | <u>238,271,787</u> | <u>238,709,974</u> |
| Total revenues | <u>\$ 446,566,486</u> | <u>\$ 442,898,214</u> | <u>\$ 447,660,906</u> | <u>\$ 457,501,387</u> | <u>\$ 482,894,827</u> |

(Continued)

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

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal sources: | | | | | |
| Federal grants | \$ 60,810,964 | \$ 58,543,843 | \$ 42,041,772 | \$ 47,992,922 | \$ 48,403,958 |
| State Fiscal Stabilization (ARRA) | 2,291,978 | 20,594,948 | | | |
| Education Jobs | 6,258,984 | | | | |
| Impact Aid | 1,365,887 | 1,016,666 | 1,380,955 | 1,486,227 | 1,280,320 |
| National School Lunch Program | 16,473,993 | 16,871,966 | 16,574,952 | 14,483,896 | 13,845,552 |
| Interest Subsidy | 1,306,073 | | | | |
| Total federal sources | <u>88,507,879</u> | <u>97,027,423</u> | <u>59,997,679</u> | <u>63,963,045</u> | <u>63,529,830</u> |
| State sources: | | | | | |
| State equalization assistance | 177,289,785 | 185,038,264 | 211,483,789 | 235,738,168 | 222,947,284 |
| State grants | 1,605,563 | 3,291,113 | 5,422,104 | 6,076,613 | 3,611,867 |
| School Facilities Board | | | | 4,654,792 | 17,861,491 |
| Other revenues | 14,668,319 | 16,048,443 | 19,775,662 | 30,737,345 | 26,409,910 |
| Total state sources | <u>193,563,667</u> | <u>204,377,820</u> | <u>236,681,555</u> | <u>277,206,918</u> | <u>270,830,552</u> |
| Local sources: | | | | | |
| Property taxes | 189,258,948 | 187,598,121 | 189,705,780 | 186,860,498 | 179,961,642 |
| County aid | 12,889,153 | 12,191,663 | 279,544 | | 187,229 |
| Food service sales | 2,438,926 | 2,841,522 | 3,384,150 | 3,720,714 | 3,844,651 |
| Investment income | 611,420 | 924,187 | 1,868,172 | 5,066,837 | 5,479,445 |
| Other revenues | 9,117,882 | 19,243,985 | 17,424,953 | 17,870,809 | 10,778,293 |
| Total local sources | <u>214,316,329</u> | <u>222,799,478</u> | <u>212,662,599</u> | <u>213,518,858</u> | <u>200,251,260</u> |
| Total revenues | <u>\$ 496,387,875</u> | <u>\$ 524,204,721</u> | <u>\$ 509,341,833</u> | <u>\$ 554,688,821</u> | <u>\$ 534,611,642</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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| Instruction | \$ 184,171,606 | \$ 179,021,232 | \$ 182,170,194 | \$ 200,508,623 | \$ 207,817,232 |
| Support services - students and staff | 62,254,885 | 59,835,214 | 62,928,162 | 68,401,474 | 70,581,454 |
| Support services - administration | 42,556,971 | 42,079,368 | 40,912,970 | 42,935,792 | 41,370,788 |
| Operation and maintenance of plant services | 49,925,794 | 51,388,778 | 49,228,361 | 55,277,056 | 55,159,807 |
| Student transportation services | 22,123,760 | 22,151,830 | 22,626,196 | 23,676,242 | 23,454,160 |
| Operation of non-instructional services | 24,575,643 | 24,817,964 | 22,569,839 | 21,348,952 | 21,642,746 |
| Capital outlay | 26,349,041 | 46,900,850 | 45,330,412 | 57,417,569 | 56,698,083 |
| Debt service - | | | | | |
| Interest and fiscal charges | 11,071,732 | 11,740,160 | 11,720,671 | 13,086,907 | 13,959,184 |
| Principal retirement | 23,785,413 | 22,786,648 | 47,239,231 | 40,583,291 | 40,909,199 |
| Bond issuance costs | | | | | 441,705 |
| Total expenditures | <u>\$ 446,814,845</u> | <u>\$ 460,722,044</u> | <u>\$ 484,726,036</u> | <u>\$ 523,235,906</u> | <u>\$ 532,034,358</u> |
| Expenditures for capitalized assets | \$ 10,057,049 | \$ 30,927,097 | \$ 27,849,032 | \$ 47,461,655 | \$ 33,205,672 |
| Debt service as a percentage of noncapital expenditures | 8% | 8% | 13% | 11% | 11% |

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

Notes:

(Continued)

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

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Fiscal Year Ended June 30</i> | | | | | |
| Expenditures: | | | | | |
| Current - | | | | | |
| Instruction | \$ 204,760,085 | \$ 230,202,146 | \$ 234,931,349 | \$ 240,042,909 | \$ 236,770,040 |
| Support services - students and staff | 68,796,953 | 69,436,330 | 72,736,897 | 74,974,896 | 68,047,068 |
| Support services - administration | 40,360,497 | 40,324,873 | 40,973,334 | 44,211,988 | 47,934,273 |
| Operation and maintenance of plant services | 56,678,876 | 55,338,511 | 56,234,094 | 53,611,181 | 52,330,014 |
| Student transportation services | 22,241,973 | 23,193,120 | 21,568,722 | 24,300,043 | 21,978,854 |
| Operation of non-instructional services | 18,585,569 | 18,770,777 | 19,167,046 | 21,740,678 | 21,162,973 |
| Capital outlay | 52,393,932 | 51,201,278 | 66,818,229 | 84,056,213 | 49,407,315 |
| Debt service - | | | | | |
| Claims and Judgements | | | 1,916,877 | | |
| Interest and fiscal charges | 15,555,722 | 14,079,089 | 15,205,476 | 14,081,326 | 13,524,715 |
| Principal retirement | 34,649,692 | 33,004,537 | 32,461,174 | 34,976,055 | 31,195,352 |
| Bond issuance costs | 776,763 | | 762,221 | 367,959 | 147,702 |
| Total expenditures | <u>\$ 514,800,062</u> | <u>\$ 535,550,661</u> | <u>\$ 562,775,419</u> | <u>\$ 592,363,248</u> | <u>\$ 542,498,306</u> |
| Expenditures for capitalized assets | \$ 43,314,099 | \$ 34,878,196 | \$ 44,654,742 | \$ 58,186,989 | \$ 27,741,175 |
| Debt service as a percentage of noncapital expenditures | 11% | 9% | 10% | 9% | 9% |

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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Excess (deficiency) of revenues over expenditures | \$ (248,359) | \$ (17,823,830) | \$ (37,065,130) | \$ (65,734,519) | \$ (49,139,531) |
| Other financing sources (uses): | | | | | |
| Refunding bonds issued | | | | | 51,000,000 |
| Premium on sale of bonds | | | | | 3,738,599 |
| Proceeds from sale of capital assets | 1,426,879 | | | 48,617 | 101,083 |
| Capital lease agreements | | 32,321,798 | 19,425,678 | 7,526,101 | 11,525,165 |
| Transfers in | 5,167,740 | 1,752,693 | 6,777,058 | 3,273,496 | 1,904,315 |
| Transfers out | (5,167,740) | (1,752,693) | (6,777,058) | (3,273,496) | (1,904,315) |
| Payment to refunded bond escrow agent | | | | . | (54,314,359) |
| Total other financing sources (uses) | <u>1,426,879</u> | <u>32,321,798</u> | <u>19,425,678</u> | <u>7,574,718</u> | <u>12,050,488</u> |
| Changes in fund balances | <u>\$ 1,178,520</u> | <u>\$ 14,497,968</u> | <u>\$ (17,639,452)</u> | <u>\$ (58,159,801)</u> | <u>\$ (37,089,043)</u> |
| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| Excess (deficiency) of revenues over expenditures | \$ (18,412,187) | \$ (11,345,940) | \$ (53,433,586) | \$ (37,674,427) | \$ (7,886,664) |
| Other financing sources (uses): | | | | | |
| Issuance of school improvement bonds | 74,000,000 | | 57,000,000 | 47,000,000 | 10,000,000 |
| Refunding bonds issued | 45,900,000 | | | | |
| Premium on sale of bonds | 5,038,940 | | 1,066,478 | 706,670 | 163,267 |
| Proceeds from sale of capital assets | 1,728,172 | | | | |
| Capital lease agreements | | 7,254,921 | 1,045,221 | 2,952,425 | 1,144,426 |
| Transfers in | 2,761,892 | 3,228,393 | 12,001,930 | 4,505,961 | 3,008,303 |
| Transfers out | (2,761,892) | (3,228,393) | (12,001,930) | (4,505,961) | (3,008,303) |
| Payment to refunded bond escrow agent | (49,962,127) | | | | |
| Total other financing sources (uses) | <u>76,704,985</u> | <u>7,254,921</u> | <u>59,111,699</u> | <u>50,659,095</u> | <u>11,307,693</u> |
| Changes in fund balances | <u>\$ 58,292,798</u> | <u>\$ (4,091,019)</u> | <u>\$ 5,678,113</u> | <u>\$ 12,984,668</u> | <u>\$ 3,421,029</u> |

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|-----------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Commercial, Industrial, Utilities and Mining | \$ 976,879,689 | \$ 1,010,697,174 | \$ 1,019,451,977 | \$ 1,081,215,033 | \$ 1,074,355,352 |
| Agricultural and Vacant | 105,330,798 | 111,852,863 | 114,927,549 | 118,498,381 | 112,720,592 |
| Residential (Owner Occupied) | 1,268,030,829 | 1,251,339,919 | 1,336,979,464 | 1,477,013,301 | 1,636,106,002 |
| Residential (Rental) | 641,672,375 | 594,632,374 | 499,869,993 | 507,897,672 | 478,805,500 |
| Railroad, Private Cars and Airlines | 2,699,156 | 2,663,090 | 2,363,569 | 2,303,761 | 2,023,840 |
| Historical Property | 30,975,434 | 30,462,610 | 28,785,354 | 28,965,566 | 29,071,310 |
| Certain Government Property Improvements | 6,464 | 6,156 | 19,506 | 20,701 | 78,131 |
| Total | \$ 3,025,594,745 | \$ 3,001,654,186 | \$ 3,002,397,412 | \$ 3,215,914,415 | \$ 3,333,160,727 |
| Gross Full Cash Value | \$ 32,389,286,776 | \$ 30,721,019,556 | \$ 30,260,270,212 | \$ 31,603,025,006 | \$ 32,819,636,555 |
| Ratio of Net Limited Value to Gross Full Cash Value | 9.34% | 9.77% | 9.92% | 10.18% | 10.16% |
| Total Direct Rate | \$ 7.34 | \$ 7.51 | \$ 7.43 | \$ 7.32 | \$ 6.95 |

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|-----------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| Commercial, Industrial, Utilities and Mining | \$ 1,090,965,347 | \$ 1,077,748,252 | \$ 1,050,177,813 | \$ 1,272,775,479 | \$ 954,186,784 |
| Agricultural and Vacant | 114,484,305 | 106,372,665 | 103,609,679 | 80,675,702 | 81,493,204 |
| Residential (Owner Occupied) | 1,861,033,185 | 1,891,325,577 | 1,746,892,589 | 1,323,022,003 | 1,409,403,762 |
| Residential (Rental) | 508,578,926 | 479,696,735 | 428,515,359 | 432,497,621 | 326,893,876 |
| Railroad, Private Cars and Airlines | 2,014,148 | 2,084,546 | 2,398,360 | 3,187,093 | 3,041,651 |
| Historical Property | 29,884,448 | 26,118,631 | 22,935,741 | 21,151,850 | 15,994,978 |
| Certain Government Property Improvements | | | | | |
| Total | \$ 3,606,960,359 | \$ 3,583,346,406 | \$ 3,354,529,541 | \$ 3,133,309,748 | \$ 2,791,014,255 |
| Gross Full Cash Value | \$ 35,625,457,918 | \$ 36,172,563,620 | \$ 34,951,711,743 | \$ 30,190,092,265 | \$ 25,679,006,897 |
| Ratio of Net Limited to Gross Full Cash Value | 10.12% | 9.91% | 9.60% | 10.38% | 10.87% |
| Total Direct Rate | \$ 6.30 | \$ 6.07 | \$ 6.57 | \$ 7.05 | \$ 7.38 |

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

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

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|-------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Commercial, Industrial, Utilities and Mining | \$ 1,012,574,440 | \$ 1,025,364,280 | \$ 1,036,430,609 | \$ 1,114,174,075 | \$ 1,124,168,415 |
| Agricultural and Vacant | 108,813,131 | 114,157,316 | 119,316,810 | 126,790,265 | 124,964,505 |
| Residential (Owner Occupied) | 1,318,079,541 | 1,254,450,188 | 1,337,932,939 | 1,478,192,168 | 1,640,031,268 |
| Residential (Rental) | 672,444,407 | 601,425,570 | 503,614,469 | 512,387,222 | 483,574,300 |
| Railroad, Private Cars and Airlines | 2,750,284 | 2,688,000 | 2,385,858 | 2,347,426 | 2,258,002 |
| Historical Property | 31,954,759 | 30,607,284 | 29,656,219 | 30,404,234 | 30,856,368 |
| Certain Government Property Improvements | 9,746 | 6,156 | 19,506 | 21,389 | 81,418 |
| Total | \$ 3,146,626,308 | \$ 3,028,698,794 | \$ 3,029,356,410 | \$ 3,264,316,779 | \$ 3,405,934,276 |
| Gross Full Cash Value | \$ 32,389,286,776 | \$ 30,721,019,556 | \$ 30,260,270,212 | \$ 31,603,025,006 | \$ 32,819,636,555 |
| Ratio of Net Full Cash Value to Gross Full Cash Value | 9.72% | 9.86% | 10.01% | 10.33% | 10.38% |
| Total Direct Rate | \$ 7.34 | \$ 7.51 | \$ 7.43 | \$ 7.32 | \$ 6.95 |

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|-------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| Commercial, Industrial, Utilities and Mining | \$ 1,188,354,335 | \$ 1,221,801,653 | \$ 1,143,811,906 | \$ 1,118,258,896 | \$ 1,017,153,529 |
| Agricultural and Vacant | 139,480,103 | 143,744,584 | 145,829,986 | 115,601,397 | 102,639,623 |
| Residential (Owner Occupied) | 1,887,895,526 | 2,032,583,387 | 2,050,227,168 | 1,753,984,903 | 1,463,132,747 |
| Residential (Rental) | 531,796,567 | 537,352,863 | 511,313,599 | 429,891,517 | 357,377,327 |
| Railroad, Private Cars and Airlines | 2,404,131 | 2,458,899 | 2,704,690 | 2,842,410 | 3,219,265 |
| Historical Property | 34,061,136 | 32,305,977 | 32,162,664 | 23,244,874 | 17,852,388 |
| Certain Government Property Improvements | | | | | |
| Total | \$ 3,783,991,798 | \$ 3,970,247,363 | \$ 3,886,050,013 | \$ 3,443,823,997 | \$ 2,961,374,879 |
| Gross Full Cash Value | \$ 35,625,457,918 | \$ 36,172,563,620 | \$ 34,951,711,743 | \$ 30,190,092,265 | \$ 25,679,006,897 |
| Ratio of Net Full Cash Value to Gross Full Cash Value | 10.62% | 10.98% | 11.12% | 11.41% | 11.53% |
| Total Direct Rate | \$ 6.30 | \$ 6.07 | \$ 6.57 | \$ 7.05 | \$ 7.38 |

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

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

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|----------------------------------------------|--------------------|-------------|-------------|-------------|-------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Commercial, Industrial, Utilities and Mining | 19 % | 19 % | 20 % | 20 % | 20 % |
| 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 | 16 | 15 | 15 | 15 |

| <u>Class</u> | <u>Fiscal Year</u> | | | | |
|----------------------------------------------|--------------------|-------------|-------------|-------------|-------------|
| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| Commercial, Industrial, Utilities and Mining | 21 % | 22 % | 23 % | 24 % | 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 | 17 | 18 | 20 | 21 | 22 |

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 | <u>Overlapping Rates</u> | | | | | | | | | | <u>District Direct Rates</u> | | |
|------------------------------------|--------------------------|--------|---------------------------|------------------------------|----------------------------------|--------------------------------|-----------------------------|-------------------|----------------------------|---------|------------------------------|-------|--|
| | State | County | County Free Library | Flood Control District | Community College District | Fire District Assistance | Central Arizona Water | City of Tucson | City of South Tucson | Primary | Secondary | Total | |
| | Equalization | County | Library | District | District | Assistance | Water | Tucson | Tucson | Primary | Secondary | Total | |
| 2016 | 0.51 | 5.09 | 0.52 | 0.31 | 1.37 | 0.05 | 0.14 | 1.60 | 0.25 | 6.52 | 0.82 | 7.34 | |
| 2015 | 0.51 | 4.98 | 0.44 | 0.30 | 1.33 | 0.05 | 0.14 | 1.46 | 0.25 | 6.80 | 0.71 | 7.51 | |
| 2014 | 0.51 | 4.45 | 0.38 | 0.26 | 1.29 | 0.05 | 0.14 | 1.43 | 2.98 | 6.01 | 1.43 | 7.43 | |
| 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 | 0.00 | 4.20 | 0.35 | 0.26 | 1.11 | 0.04 | 0.10 | 1.16 | 2.66 | 5.47 | 1.48 | 6.95 | |
| 2011 | 0.00 | 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 | |

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>2016</u> | | <u>2007</u> | |
|-------------------------------------|--------------------------------------|------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------|
| | Net Limited Assessed Valuation | Percentage of District's Net Limited Assessed Valuation | Net Limited Assessed Valuation | Percentage of District's Net Full Cash Valuation |
| Unisource Energy Corporation | \$ 60,340,168 | 1.99 % | \$ 41,116,597 | 1.39 % |
| Qwest Communications | 21,603,145 | 0.71 | 58,679,430 | 1.98 |
| Southwest Gas Corporation | 20,610,043 | 0.68 | 29,225,932 | 0.99 |
| Wal-Mart Stores, Inc. | 11,355,356 | 0.38 | | |
| Starr Pass Resort Developments LLC | 10,916,448 | 0.36 | | |
| WC Partners et al (Williams Center) | 8,615,653 | 0.28 | 6,898,373 | 0.23 |
| Verizon Wireless | 6,777,011 | 0.22 | | |
| TMC Holdings Inc | 6,757,227 | 0.22 | 6,373,435 | 0.22 |
| AT&T Mobility LLC | 6,515,940 | 0.22 | 8,427,129 | 0.28 |
| Park Place Shopping Center | 6,287,186 | 0.21 | 15,851,998 | 0.54 |
| El Con Shopping Center | | | 9,294,919 | 0.31 |
| HUB Properties | | | 6,400,311 | 0.22 |
| Marshall Foundation | | | 5,105,704 | 0.17 |
| Total | <u>\$ 159,778,177</u> | <u>5.27 %</u> | <u>\$ 187,373,828</u> | <u>6.33 %</u> |

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PROPERTY TAX 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 |
| 2016 | \$ 180,517,207 | \$ 172,697,266 | 95.67 % | \$ | \$ 172,697,266 | 95.67 % |
| 2015 | 182,457,545 | 174,547,250 | 95.66 | 7,073,509 | 181,620,759 | 99.54 |
| 2014 | 196,991,408 | 188,246,693 | 95.56 | 8,040,104 | 196,286,797 | 99.64 |
| 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 | 9,011,636 | 184,780,268 | 98.35 |
| 2010 | 179,853,772 | 171,331,961 | 95.26 | 8,247,445 | 179,579,406 | 99.85 |
| 2009 | 183,939,765 | 176,305,975 | 95.85 | 7,495,105 | 183,801,080 | 99.92 |
| 2008 | 180,563,077 | 173,169,013 | 95.90 | 7,359,882 | 180,528,895 | 99.98 |
| 2007 | 169,371,786 | 163,379,824 | 96.46 | 5,904,004 | 169,283,828 | 99.95 |

Source: The source of this information is the 2016 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 | |
| 2016 | \$ 174,496,634 | \$ 6,258,790 | \$ 168,237,844 | 0.52 % | \$ 318 | \$ 38,681,239 | \$ 213,177,873 | 0.66 % | \$ 402 | N/A % | |
| 2015 | 190,064,802 | 3,760,236 | 186,304,566 | 0.61 | 352 | 47,666,652 | 237,731,454 | 0.77 | 449 | 1.75 | |
| 2014 | 205,247,538 | 5,384,563 | 199,862,975 | 0.66 | 422 | 23,816,502 | 229,064,040 | 0.76 | 484 | 2.02 | |
| 2013 | 242,508,469 | 9,582,846 | 232,925,623 | 0.74 | 490 | 14,555,055 | 257,063,524 | 0.81 | 541 | 2.45 | |
| 2012 | 278,767,431 | 16,538,166 | 262,229,265 | 0.80 | 554 | 11,982,245 | 290,749,676 | 0.89 | 614 | 2.46 | |
| 2011 | 312,128,142 | 14,136,565 | 297,991,577 | 0.84 | 771 | 5,136,279 | 317,264,421 | 0.89 | 821 | 2.66 | |
| 2010 | 265,770,552 | 13,599,040 | 252,171,512 | 0.70 | 603 | 7,255,971 | 273,026,523 | 0.75 | 653 | 2.96 | |
| 2009 | 295,628,919 | 12,394,579 | 283,234,340 | 0.81 | 580 | 3,180,587 | 298,809,506 | 0.85 | 612 | 3.88 | |
| 2008 | 269,532,016 | 10,557,977 | 258,974,039 | 0.86 | 497 | 3,726,540 | 273,258,556 | 0.91 | 525 | 0.81 | |
| 2007 | 255,731,942 | 10,748,011 | 244,983,931 | 0.95 | 476 | 2,245,170 | 257,977,112 | 1.00 | 502 | 0.81 | |

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, 2016**

| <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 | \$ 394,415,000 | 40.99 % | \$ 161,670,709 |
| Pima College District | None | 40.16 | None |
| City of Tucson | 566,683,691 | 96.99 | 549,626,512 |
| Subtotal, Overlapping Debt | | | <u>711,297,221</u> |
| Direct: | | | |
| Tucson Unified School District No. 1 | | 100.00 | <u>213,177,873</u> |
| Total Direct and Overlapping Governmental Activities Debt | | | <u><u>\$ 924,475,094</u></u> |

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

| | | |
|---------------------------------------------------|----------|---------|
| Net Direct General Obligation Bonded Debt | | |
| As a Percentage of Net Limited Assessed Valuation | | 5.56 % |
| Net Direct and Overlapping General Bonded Debt | | |
| Per Capita | \$ 1,660 | |
| As a Percentage of Net Limited Assessed Valuation | | 29.07 % |
| As a Percentage of Gross Full Cash Value | | 2.72 % |

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

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2015 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 2016:

| | |
|------------------------------------|-----------------------|
| Net full cash assessed valuation | \$ 3,146,626,308 |
| Debt limit (20% of assessed value) | 629,325,262 |
| Debt applicable to limit | <u>168,855,000</u> |
| Legal debt margin | <u>\$ 460,470,262</u> |

Total Legal Debt Margin Calculation for Fiscal Year 2016:

| | |
|------------------------------------|-----------------------|
| Net full cash assessed valuation | \$ 3,146,626,308 |
| Debt limit (30% of assessed value) | 943,987,892 |
| Debt applicable to limit | <u>168,855,000</u> |
| Legal debt margin | <u>\$ 775,132,892</u> |

Fiscal Year Ended June 30

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit | \$ 943,987,892 | \$ 908,609,638 | \$ 908,806,923 | \$ 979,295,034 | \$ 1,021,780,283 |
| Total net debt applicable to limit | <u>168,855,000</u> | <u>183,665,000</u> | <u>197,970,000</u> | <u>235,045,000</u> | <u>270,675,000</u> |
| Legal debt margin | <u>\$ 775,132,892</u> | <u>\$ 724,944,638</u> | <u>\$ 710,836,923</u> | <u>\$ 744,250,034</u> | <u>\$ 751,105,283</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 18% | 20% | 22% | 24% | 26% |

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit | \$ 1,135,197,539 | \$ 1,191,074,209 | \$ 1,165,815,004 | \$ 1,033,147,199 | \$ 888,412,464 |
| Total net debt applicable to limit | <u>306,905,000</u> | <u>265,260,000</u> | <u>295,085,000</u> | <u>268,955,000</u> | <u>255,460,000</u> |
| Legal debt margin | <u>\$ 828,292,539</u> | <u>\$ 925,814,209</u> | <u>\$ 870,730,004</u> | <u>\$ 764,192,199</u> | <u>\$ 632,952,464</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 27% | 22% | 25% | 26% | 29% |

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> |
|-------------|-------------------|--------------------------------------------|------------------------------|------------------------------|----------------------------------------------|
| 2015 | 1,009,371 | \$ N/A | \$ N/A | 5.6 % | 529,845 |
| 2014 | 1,007,162 | 37,198,714 | 37,031 | 6.2 | 529,336 |
| 2013 | 996,554 | 36,935,363 | 37,063 | 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 |

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 2006 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2015, 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**

| Employer | 2016 | | 2007 | |
|----------------------------------|------------------|-----------------------------------------------|------------------|-----------------------------------------------|
| | Employees | Percentage of Total Employment | Employees | Percentage of Total Employment |
| University of Arizona | 11,251 | 2.48 % | 10,354 | 2.48 % |
| Raytheon Missile Systems | 9,600 | 2.12 | 11,184 | 2.67 |
| State of Arizona | 8,580 | 1.89 | 9,927 | 2.37 |
| Davis Monthan AFB | 8,406 | 1.85 | | |
| Pima County | 7,060 | 1.56 | 7,290 | 1.74 |
| Tucson Unified School District | 6,770 | 1.49 | 7,419 | 1.77 |
| Banner-University Medicine | 6,272 | 1.38 | | |
| US Customs and Border Protection | 5,739 | 1.27 | | |
| Freeport-McMoran Mining | 5,530 | 1.22 | 8,233 | 1.97 |
| Wal-Mart Stores, Inc. | 5,500 | 1.21 | 5,625 | 1.35 |
| Fort Huachuca | | | 9,119 | 2.18 |
| City of Tucson | | | 5,849 | 1.40 |
| Phelps Dodge Mining Co. | | | 4,900 | 1.17 |
| Total | 74,708 | 16.47 % | 79,900 | 19.10 % |
| Total employment | 453,300 | | 418,111 | |

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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Supervisory | | | | | |
| Administrators | 46 | 50 | 49 | 41 | 46 |
| Principals | 85 | 78 | 82 | 87 | 92 |
| Assistant principals | 47 | 42 | 43 | 55 | 48 |
| Total supervisory | <u>178</u> | <u>170</u> | <u>174</u> | <u>183</u> | <u>186</u> |
| Instruction | | | | | |
| Teachers | 2,364 | 2,454 | 2,536 | 2,764 | 2,845 |
| Other professionals (instructional) | 119 | 190 | 110 | 130 | 118 |
| Aides | 567 | 550 | 523 | 549 | 583 |
| Total instruction | <u>3,050</u> | <u>3,194</u> | <u>3,169</u> | <u>3,443</u> | <u>3,546</u> |
| Student Services | | | | | |
| Nurses | 41 | 40 | 41 | 41 | 45 |
| Counselors/Advisors | 81 | 75 | 71 | 84 | 57 |
| Speech Clinicians | 71 | 67 | 57 | 60 | 45 |
| Librarians | 11 | 10 | 14 | 34 | 23 |
| Other | 472 | 570 | 472 | 465 | 446 |
| Total student services | <u>676</u> | <u>762</u> | <u>655</u> | <u>684</u> | <u>616</u> |
| Support and Administration | | | | | |
| Facilities Maintenance | 160 | 241 | 155 | 189 | 201 |
| Custodians | 252 | 155 | 236 | 286 | 316 |
| Bus Drivers/ Monitors | 321 | 312 | 321 | 375 | 369 |
| Food Service workers | 198 | 185 | 189 | 181 | 194 |
| Other classified | 819 | 732 | 739 | 809 | 827 |
| Total support and administration | <u>1,750</u> | <u>1,625</u> | <u>1,640</u> | <u>1,840</u> | <u>1,907</u> |
| Total | <u><u>5,654</u></u> | <u><u>5,751</u></u> | <u><u>5,638</u></u> | <u><u>6,150</u></u> | <u><u>6,255</u></u> |

(Continued)

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

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Supervisory | | | | | |
| Administrators | 43 | 36 | 46 | 48 | 48 |
| Principals | 92 | 89 | 90 | 99 | 105 |
| Assistant principals | 44 | 51 | 67 | 72 | 68 |
| Total supervisory | <u>179</u> | <u>176</u> | <u>203</u> | <u>219</u> | <u>221</u> |
| Instruction | | | | | |
| Teachers | 2,854 | 3,068 | 3,291 | 3,406 | 3,397 |
| Other professionals (instructional) | 86 | 71 | 71 | 131 | 160 |
| Aides | 595 | 621 | 564 | 568 | 562 |
| Total instruction | <u>3,535</u> | <u>3,760</u> | <u>3,926</u> | <u>4,105</u> | <u>4,119</u> |
| Student Services | | | | | |
| Nurses | 34 | 47 | | | |
| Counselors/Advisors | 72 | 109 | | | |
| Speech Clinicians | 49 | 55 | | | |
| Librarians | 25 | 45 | 74 | 83 | 81 |
| Other | 340 | 372 | 767 | 713 | 750 |
| Total student services | <u>520</u> | <u>628</u> | <u>841</u> | <u>796</u> | <u>831</u> |
| Support and Administration | | | | | |
| Facilities Maintenance | 196 | 195 | | | |
| Custodians | 307 | 325 | 333 | 323 | 333 |
| Bus Drivers/ Monitors | 383 | 391 | 466 | 473 | 409 |
| Food Service workers | 203 | 218 | 253 | 255 | 263 |
| Other classified | 876 | 826 | 977 | 1,036 | 1,037 |
| Total support and administration | <u>1,965</u> | <u>1,955</u> | <u>2,029</u> | <u>2,087</u> | <u>2,042</u> |
| Total | <u><u>6,199</u></u> | <u><u>6,519</u></u> | <u><u>6,999</u></u> | <u><u>7,207</u></u> | <u><u>7,213</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 |
|----------------------------------|---------------------------------|-------------------------------|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------------|----------------------------|--------------------------------------------|
| 2016 | 45,870 | \$ 385,608,659 | \$ 8,407 | 1.51 % | \$ 417,789,123 | \$ 9,108 | 0.01 % | 3,050 | 15.0 | 75.0 % |
| 2015 | 45,802 | 379,294,386 | 8,281 | 1.43 | 417,137,725 | 9,107 | (1.68) | 3,194 | 14.3 | 74.9 |
| 2014 | 46,597 | 380,435,722 | 8,164 | (4.24) | 431,627,700 | 9,263 | (1.50) | 3,169 | 14.7 | 73.0 |
| 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 | 0.09 | 494,989,071 | 8,666 | 1.17 | 4,119 | 13.9 | 62.9 |
| 2006 | 57,168 | 448,223,222 | 7,840 | #DIV/0! | 489,699,607 | 8,566 | #DIV/0! | | | |

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

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

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

| | Fiscal Year Ended June 30 | | | | | | | | | |
|------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2016</u> | <u>2015</u> | <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>Schools</u> | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Buildings | 519 | 519 | 519 | 519 | 596 | 579 | 579 | 579 | 579 | 476 |
| Square feet | 2,750,849 | 2,750,849 | 2,750,849 | 2,750,849 | 3,617,427 | 3,549,471 | 3,549,471 | 3,549,471 | 3,549,471 | 3,405,730 |
| Capacity | 31,600 | 31,600 | 31,600 | 31,600 | 36,490 | 32,370 | 32,370 | 32,370 | 31,620 | 34,810 |
| Enrollment | 22,095 | 22,619 | 22,619 | 22,619 | 23,231 | 28,231 | 28,231 | 28,231 | 29,413 | 30,210 |
| Middle | | | | | | | | | | |
| Buildings | 126 | 126 | 126 | 126 | 126 | 120 | 120 | 120 | 120 | 106 |
| Square feet | 1,823,702 | 1,823,702 | 1,823,702 | 1,823,702 | 1,943,292 | 1,726,343 | 1,726,343 | 1,726,343 | 1,726,343 | 1,700,595 |
| Capacity | 20,850 | 20,850 | 20,850 | 20,850 | 20,850 | 14,115 | 14,115 | 14,115 | 14,115 | 15,091 |
| Enrollment | 10,152 | 12,816 | 12,816 | 12,816 | 13,448 | 12,092 | 12,092 | 12,092 | 12,486 | 12,979 |
| High | | | | | | | | | | |
| Buildings | 118 | 118 | 118 | 118 | 118 | 110 | 110 | 110 | 110 | 106 |
| Square feet | 3,411,819 | 3,411,819 | 3,411,819 | 3,411,819 | 3,411,819 | 3,272,318 | 3,272,318 | 3,272,318 | 3,272,318 | 3,252,069 |
| Capacity | 21,575 | 21,575 | 21,575 | 21,575 | 21,575 | 18,670 | 18,670 | 18,670 | 18,670 | 17,970 |
| Enrollment | 14,214 | 14,404 | 14,404 | 14,404 | 14,647 | 16,790 | 16,790 | 16,790 | 16,010 | 16,123 |
| Other | | | | | | | | | | |
| Buildings | 92 | 93 | 94 | 94 | 28 | 28 | 28 | 28 | 28 | 22 |
| Square feet | 3,397,120 | 428,082 | 453,143 | 453,143 | 113,288 | 113,288 | 113,288 | 113,288 | 113,288 | 118,608 |
| Capacity | 675 | 675 | 675 | 675 | 300 | 300 | 300 | 300 | 300 | 300 |
| Enrollment | 174 | 174 | 174 | 174 | 250 | 250 | 250 | 250 | 193 | 282 |
| <u>Administrative</u> | | | | | | | | | | |
| Buildings | 91 | 91 | 91 | 90 | 89 | 89 | 89 | 89 | 89 | 88 |
| Square feet | 460,301 | 460,301 | 460,301 | 443,496 | 410,510 | 410,510 | 410,510 | 410,510 | 410,510 | 408,778 |

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

(This page intentionally left blank)

TUCSON UNIFIED
SCHOOL DISTRICT

1010 E 10th Street • Tucson, Arizona 85719