

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TUCSON, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Issued by:
Financial Services Department

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

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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



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December 23, 2015

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, 2015.

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, 2015, 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, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE DISTRICT

Tucson Unified School District (TUSD) is the oldest district in Arizona and was created by a territorial board of supervisors on November 18, 1867 before Arizona was a state in the union. TUSD is one of 18 public school districts located in Pima County and ultimately was formed by the unification of Tucson Elementary School District No. 1 and Tucson High School District No. 1 on July 1, 1976. TUSD provides public education services to an estimated 50,000 students from Pre-Kindergarten through grade 12. Projected enrollment for the 2015-16 school year is 46,200 students. District schools are spread over 230 square miles of the metropolitan Tucson area and certain unincorporated areas of the County. The average age of school structures is 40 years.

TUSD is the second largest school district in Arizona and the 80th largest school district in the United States. The District offers extensive educational programs, such as advanced learning experiences (ALE), career and technical education (CTE), gifted and talented education (GATE), fine arts, bilingual and multicultural education. The District is composed of traditional comprehensive schools, magnet schools, and alternative programs. The District is also a member of the Pima County Joint Technological District (JTED). Approximately 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 the broader perspective of the specific environment within which the District operates.

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

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

State funding: State budget cuts continue to strain the District's financial health. In 2015, newly elected Governor Doug Ducey signed a budget that included a nearly \$5 million additional cut in Capital funding totaling the District's cut to \$19 million. These capital funding reductions have been in place for the last seven years resulting in the District losing almost \$100 million in Capital funding. 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.

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 FY2016 and FY2017 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.

District Plans. Tucson Unified School District is poised to realize its full potential as a high-performing school district delivering a college- and career-ready education for every student in every school in every part of Tucson.

A. Five-Year Strategic Plan:

In February 2014, the Governing Board approved a Five-Year Strategic Plan that includes strategic priorities in five key areas: curriculum, diversity, finance, operations, and communication. The plan was formed with input from more than 400 community members. For each year, each category in the plan contains five strategic priorities and five SMART (specific, measurable, achievable, realistic, time-bound) goals. In all, the five-year plan contains 125 goals designed to serve as a road map for achieving high performance and tight alignment. The plan was informed by key studies: a curriculum audit, an efficiency audit, a demographic study and a boundary review. These audits and plans were used to form the basis for understanding where TUSD needs to grow and improve. The District makes quarterly presentations to the public and the Governing Board to report on the progress of the District toward the goals. 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 2014-2015, 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 Planning System and Asset Tracking:

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. The system encompasses finance and human resources functions in the most efficient manner directed by industry best practices and compliance. The Infinite Visions ERP system is used by 93 percent of the school districts within Arizona along with implementations across the United States. It was specifically developed to service school districts, in contrast to current systems which were developed to service corporate enterprises.

In conjunction with the new ERP, we will also be implementing 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 operation 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 2013-2014 and implemented a staffing and allocation standard to fund schools. The standards were further refined in fiscal year 2014-2015 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 2014-15 are as follows:

- **PayCard:** The District's payroll unit has replaced more than 3,500 live checks with employee PayCards. PayCard is an alternative to live checks and offers greater advantages to the employees such as the ability to pay bills online, use it as a check card with Visa logo, and assists vendors who require reservations be made with a credit card. The District realized many benefits from this program, which include reduction in manual processes and check processing, and annual savings of about \$150,000.
- **Procurement Card:** The District implemented a procurement card initiative which helped streamline complex operations and significantly reduced the cost and time of purchasing. It is the District's intention to continue this program in fiscal year 2015-16.

The program has resulted in more than \$4.7 million in rebates to the District since the inception of the program. A plan is being developed to allocate proceeds from these funds to the district's fine arts, athletics and other extracurricular programs that will benefit students directly.

- Implemented a time and attendance system called Time Clock Plus to ensure compliance with state and federal labor laws. Additionally it will reduce the costs of operating manual systems that require paper to record time and attendance.
- The District continues to use an image management program to convert paper and other documents into a digital format, which will reduce 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.
- 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. As of April 14, 2015 the expected savings through the life of the contract was \$34.5 million.
- The District successfully launched two Infant & Early Centers to offer top-notch, discounted child care and early learning to children of employees and to the public. The centers, which were opened in previously closed schools, serve more than 400 children.
- The Food Services Department added new programs including Go Line, Go-Cart and Fusion to speed up the lunch process and to provide students with delicious and fun meal options. Participation at the middle and high school levels has exceeded our expectations, and the District is planning to add a limited version at the elementary school level. The Food Services Department also implemented a new point of sale system to improve service and production districtwide.

Major District Initiatives: The District has increased its involvement in the legislative process to ensure the Tucson Unified community has a voice in issues that affect its students and employees. In addition to making several trips to Phoenix to testify on bills that would have a direct impact on the District, efforts have focused on helping the TUSD community learn how to get involved and have their voices heard. For example, on Nov. 16, 2015, the District held a Your Voice educational seminar that explained how the legislative works and how to become registered to speak at legislative hearings.

A major initiative that continues is the implementation of the Tucson Unified School District's Five-Year Strategic Plan contains 25 goals for the 2015-2016 school year. Those include:

In Communication:

- Communicate aspects of the plan to increase staff understanding.
- Create a "grapevine" telephone or email inquiry system for staff.
- Make stakeholders aware of District's goals.
- Begin implementation of communication plan to diverse groups.
- Create a family-focused culture that engages parents and students by creating teams designated to spread positive messages.

In Curriculum:

- Design a curriculum that includes common interim and end-year assessments and aligns resources that are culturally responsive to the diverse interests and needs of the students.
- 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 are proficient in using effective questioning and discussion techniques in their lessons.
- 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 focused on implementing an aligned curriculum and decentralized based on individual site capacity.
- Collect and analyzeImplement a standardized measurement system with common bi-weekly assessments aligned to the curriculum and provide professional development on conducting teacher-student data discussions.

In Diversity:

- Establish and maintain English Language Arts and Social Studies Courses for K-8.
- Identify higher level institutions with high ethnic diversity and target and begin recruitment.
- Pilot elementary schools will establish an after-school foreign language program that follows their feeder patterns.
- Establish entry pathway expectations into the Advanced Learning Experiences.
- Establish and maintain four Family Engagement Centers.

In Facilities:

- Reduce utility consumption.
- Plan for the strategic use of facilities.
- Implement an effective automated work order system.
- Create a Curriculum Management System.
- Provide training to staff for emergency planning.

In Finance:

- Implement Change Management Strategies with integrated processes to increase communications and collaboration
- Utilize fiscal resources that support TUSD Strategic Plan
- Develop an outreach committee to address funding in public education that will speak to various organizations regarding education funding and expenditures.
- Create a comprehensive four-year plan for the addition of site-based fund development programs that will support district initiatives and student achievement.

AWARDS AND ACKNOWLEDGMENT

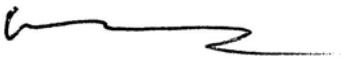
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the twenty-ninth consecutive year that the District has 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, 2014. 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, 2015 certificates.

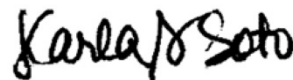
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the financial services department. Each member of the department has our sincere appreciation for the contributions made in the preparation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

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

Respectfully submitted,



Dr. Heliodoro Torres Sanchez
Superintendent



Karla G. Soto
Chief Financial Officer

Association of School Business Officials International



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

Tucson Unified School District No. 1

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera", written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

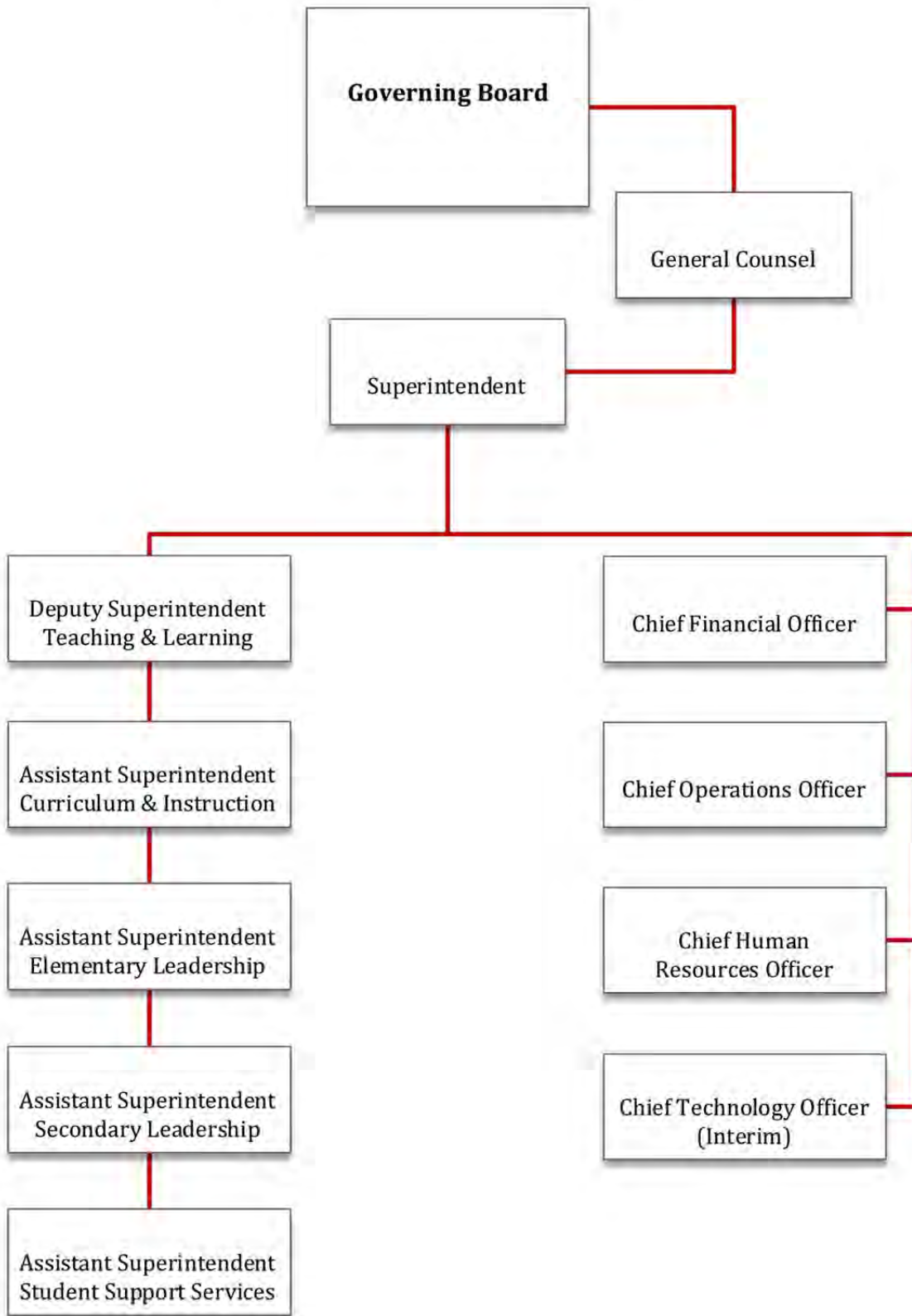
Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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

Adrian Vega, Ed.D.

ASSISTANT SUPERINTENDENT CURRICULUM & INSTRUCTION

Steven D. Holmes

ASSISTANT SUPERINTENDENT ELEMENTARY & K-8 SCHOOLS

Ana Gallegos

ASSISTANT SUPERINTENDENT SECONDARY SCHOOLS

Abel Morado, Ed.D.

ASSISTANT SUPERINTENDENT STUDENT SERVICES

Eugene Butler

LEGAL COUNSEL

Julie Tolleson

CHIEF FINANCIAL OFFICER

Karla G. Soto

CHIEF HUMAN RESOURCES OFFICER

Anna Maiden

CHIEF OPERATIONS OFFICER

Stuart Duncan

CHIEF TECHNOLOGY OFFICER

Scott Morrison

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FINANCIAL SECTION



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



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INDEPENDENT AUDITOR'S REPORT

Governing Board
Tucson Unified School District No. 1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tucson Unified School District No. 1 (District), as of and for the year ended June 30, 2015, 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, 2015, 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. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for the year ended June 30, 2015, 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 23, 2015, on our consideration of Tucson Unified School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tucson Unified School District No. 1's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

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

December 23, 2015

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

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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, 2015. 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 \$24.1 million which represents a decrease of 22 percent from the prior fiscal year primarily due to unexpended revenues of certain programs and pension contributions exceeding the associated pension expense or the current year.
- General revenues accounted for \$362.1 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 \$79.1 million or 18 percent of total current fiscal year revenues.
- The District had approximately \$417.1 million in expenses related to governmental activities, a decrease of three percent from the prior fiscal year.
- Among major funds, the General Fund had \$290.9 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$295.2 million in expenditures. The General Fund's fund balance decrease from \$31.9 million at the prior fiscal year end to \$29.5 million at the end of the current fiscal year was primarily due to a reallocation of property tax revenues to capital funds.
- Net position for the Internal Service Funds increased \$720,264 from the prior fiscal year. Operating revenues of \$27.0 million exceeded operating expenses of \$26.6 million at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015

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, 2015**

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. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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 \$133.6 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, 2015 and June 30, 2014.

	As of <u>June 30, 2015</u>	As of <u>June 30, 2014</u>
Current and other assets	\$ 164,130,905	\$ 142,980,677
Capital assets, net	711,632,857	707,887,990
Total assets	<u>875,763,762</u>	<u>850,868,667</u>
Deferred outflows	<u>51,110,323</u>	<u>6,922,195</u>
Current and other liabilities	47,055,793	39,649,928
Long-term liabilities	<u>641,563,081</u>	<u>245,270,727</u>
Total liabilities	<u>688,618,874</u>	<u>284,920,655</u>
Deferred inflows	<u>104,689,837</u>	<u> </u>
Net position:		
Net investment in capital assets	483,557,940	478,823,950
Restricted	51,883,159	36,973,962
Unrestricted	<u>(401,875,725)</u>	<u>57,072,295</u>
Total net position	<u>\$133,565,374</u>	<u>\$ 572,870,207</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$401.9 million as a result of an 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 acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

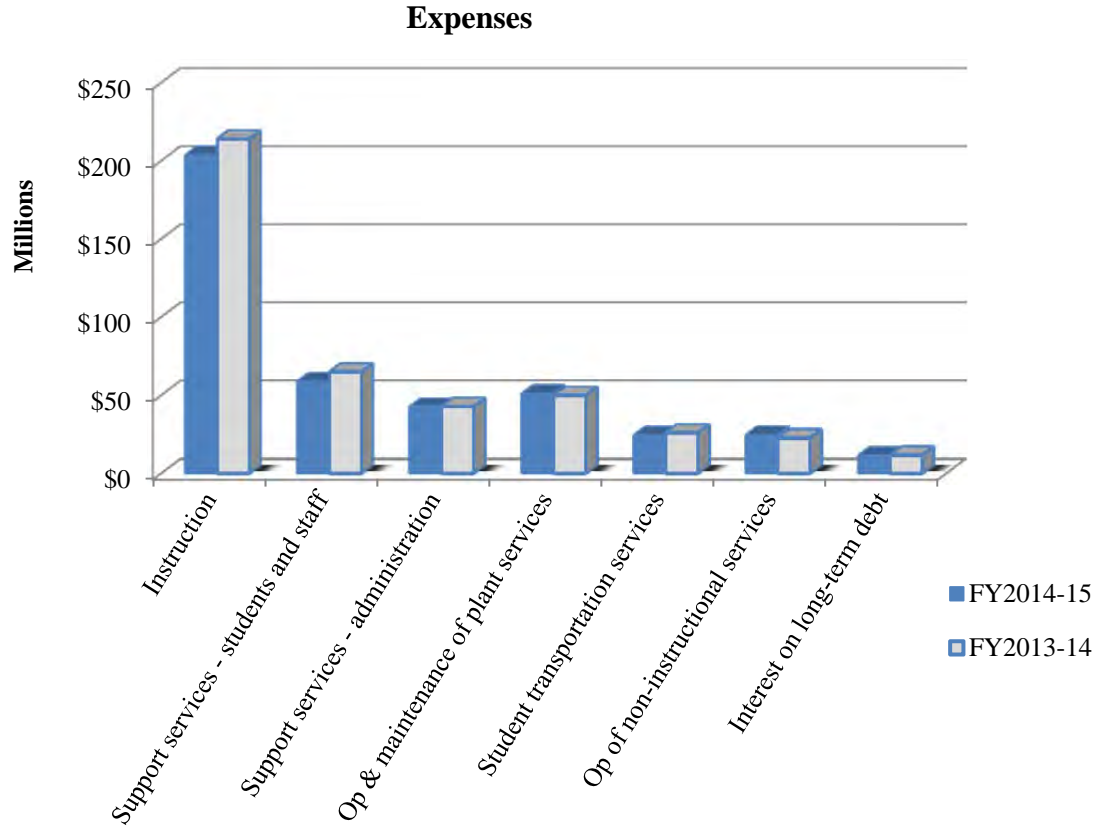
- The net addition of \$31.0 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The addition of \$388.0 million in pension liabilities due to the implementation of new pension reporting standards.
- The depreciation of capital assets resulting in an increase of \$26.8 million in accumulated depreciation.
- The addition of \$32.3 million in capital lease obligations.
- The reduction of \$14.5 million in bonds payable.

Changes in net position. The District's total revenues for the current fiscal year were \$441.2 million. The total cost of all programs and services was \$417.1 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	<u>Fiscal Year Ended June 30, 2015</u>	<u>Fiscal Year Ended June 30, 2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 11,991,455	\$ 10,294,526
Operating grants and contributions	62,655,672	64,756,379
Capital grants and contributions	4,430,655	6,645,889
General revenues:		
Property taxes	182,318,902	196,580,406
Investment income	530,244	352,847
Unrestricted county aid	13,033,210	14,097,314
Unrestricted state aid	164,102,726	152,463,686
Unrestricted federal aid	2,158,284	3,028,953
Total revenues	<u>441,221,148</u>	<u>448,220,000</u>
Expenses:		
Instruction	203,639,013	213,899,377
Support services – students and staff	58,847,288	64,945,835
Support services – administration	42,670,490	42,732,507
Operation and maintenance of plant services	51,097,685	49,866,704
Student transportation services	24,594,918	25,895,104
Operation of non-instructional services	24,786,616	22,647,923
Interest on long-term debt	11,501,715	11,640,250
Total expenses	<u>417,137,725</u>	<u>431,627,700</u>
Changes in net position	24,083,423	16,592,300
Net position, beginning, as restated	109,481,951	556,277,907
Net position, ending	<u>\$ 133,565,374</u>	<u>\$ 572,870,207</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The decrease of \$14.3 million in property tax revenues is due to a decrease in the property taxes levied during the fiscal year.
- The increase of \$11.6 million in unrestricted state aid is due to an increase in the base level support of the state funding formula.
- The decrease of \$10.3 million in instruction expense is due to efforts by the District to maximize budget and cash carryforward for future year's expenditures.

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	<u>Year Ended June 30, 2015</u>		<u>Year Ended June 30, 2014</u>	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 203,639,013	\$(162,639,329)	\$ 213,899,377	\$ (174,742,937)
Support services – students and staff	58,847,288	(50,471,337)	64,945,835	(55,052,525)
Support services – administration	42,670,490	(41,341,183)	42,732,507	(41,000,365)
Operation and maintenance of plant services	51,097,685	(46,716,268)	49,866,704	(44,793,885)
Student transportation services	24,594,918	(24,587,118)	25,895,104	(25,881,725)
Operation of non-instructional services	24,786,616	(3,168,896)	22,647,923	1,923,337
Interest on long-term debt	11,501,715	(9,135,812)	11,640,250	(10,382,806)
Total	<u>\$ 417,137,725</u>	<u>\$(338,059,943)</u>	<u>\$ 431,627,700</u>	<u>\$ (349,930,906)</u>

- The cost of all governmental activities this year was \$417.1 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$79.1 million.
- Net cost of governmental activities of \$338.1 million was financed by general revenues, which are made up of primarily property taxes of \$182.3 million and state aid of \$164.1 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 \$79.0 million, an increase of \$14.5 million due primarily to lease proceeds for projects still in process at year end.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 37 percent of the total fund balance. Approximately \$1.6 million, or five percent of the General Fund's fund balance is nonspendable as it is reserved for inventory. The remaining \$27.9 million is unassigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$2.4 million to \$29.5 million as of fiscal year end was a result of a reallocation of property tax revenues to capital funds. General Fund revenues decreased \$10.7 and expenditures decreased \$5.1 million.

Classroom Site Fund revenues decreased \$1.4 million while expenditures increased \$349,165.

Title I Grants Fund revenues and expenditures decreased \$2.9 million and \$2.4 million, respectively, as a result of a decrease in the carryforward from the prior year.

The Unrestricted Capital Outlay Fund's fund balance increased from a deficit of \$2.8 million to \$5.4 million due to a reallocation of property tax and state aid from the General Fund.

Proprietary funds. During the current fiscal year, the District's contributions to the internal service funds were \$27.0 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 \$27.4 million. Net position increased \$720,264 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 \$1.4 million decrease, a decrease of less than one percent.

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

- The favorable variance of \$10.5 million in instruction was a result of budgeting the maximum budget carryforward possible to provide capacity in future years for contingencies.
- The favorable variance of \$2.7 million in support services - administration was a result of positions that were budgeted for but not filled during the year.
- The unfavorable variance of \$2.5 million in transportation was due to anticipated cost savings that were not fully realized in the current fiscal year.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

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 \$5.9 million from the prior fiscal year, primarily due to a District-wide energy efficiency project started during the year. Total depreciation expense for the year was \$26.8 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2015 and June 30, 2014.

	As of <u>June 30, 2015</u>	As of <u>June 30, 2014</u>
Capital assets – non-depreciable	\$ 38,909,655	\$ 17,761,839
Capital assets – depreciable, net	<u>672,723,202</u>	<u>690,126,151</u>
Total	<u><u>\$ 711,632,857</u></u>	<u><u>\$ 707,887,990</u></u>

The estimated cost to complete current construction projects is \$7.3 million. Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$231.3 million in long-term debt outstanding, \$23.8 million due within one year. Long-term debt increased by \$9.5 million.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$908.6 million and the Class B debt limit is \$605.7 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 2015-16 budget. Among them:

- Fiscal year 2014-15 budget balance carry forward (estimated \$9.7 million).
- District student population used to allocate resources to the sites (estimated 45,877 with Pre-K, 45,644 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, 2015**

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 one percent to \$301.8 million in fiscal year 2015-16 due to an increase in enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 72,057,685
Cash and investments-restricted	2,768,452
Property taxes receivable	13,804,096
Accounts receivable	2,494,372
Due from governmental entities	63,078,392
Inventory	2,345,692
Total current assets	156,548,689
Noncurrent assets:	
Cash and investments-restricted	7,582,216
Capital assets not being depreciated	38,909,655
Capital assets, net of accumulated depreciation	672,723,202
Total noncurrent assets	719,215,073
Total assets	875,763,762
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charges on refunding	6,292,904
Pension plan items	44,817,419
Total deferred outflows of resources	51,110,323
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	15,418,655
Construction contracts payable	2,464,747
Claims payable	5,421,798
Due to governmental entities	25,031
Accrued payroll and employee benefits	20,441,970
Compensated absences payable	2,601,419
Unearned revenues	861,482
Obligations under capital leases	8,985,413
Bonds payable	14,800,000
Total current liabilities	71,020,515
Noncurrent liabilities:	
Claims payable	2,422,110
Non-current portion of long-term obligations	615,176,249
Total noncurrent liabilities	617,598,359
Total liabilities	688,618,874
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	104,689,837
<u>NET POSITION</u>	
Net investment in capital assets	483,557,940
Restricted for:	
Instructional purposes	17,754,851
Federal and state projects	1,172,781
Food service	4,368,366
Debt service	3,760,236
Capital outlay	13,645,475
Noninstructional purposes	11,181,450
Unrestricted	(401,875,725)
Total net position	\$ 133,565,374

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, 2015

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	\$ 203,639,013	\$ 7,212,949	\$ 31,904,597	\$ 1,882,138	\$ (162,639,329)
Support services - students and staff	58,847,288		8,375,951		(50,471,337)
Support services - administration	42,670,490		1,329,307		(41,341,183)
Operation and maintenance of plant services	51,097,685	1,342,188	1,600,527	1,438,702	(46,716,268)
Student transportation services	24,594,918		7,800		(24,587,118)
Operation of non-instructional services	24,786,616	3,436,318	18,181,402		(3,168,896)
Interest on long-term debt	11,501,715		1,256,088	1,109,815	(9,135,812)
Total governmental activities	<u>\$ 417,137,725</u>	<u>\$ 11,991,455</u>	<u>\$ 62,655,672</u>	<u>\$ 4,430,655</u>	<u>(338,059,943)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	142,745,273
Property taxes, levied for debt service	21,151,962
Property taxes, levied for capital outlay	18,421,667
Investment income	530,244
Unrestricted county aid	13,033,210
Unrestricted state aid	164,102,726
Unrestricted federal aid	2,158,284

Total general revenues 362,143,366

Changes in net position 24,083,423

Net position, beginning of year, as restated 109,481,951

Net position, end of year \$ 133,565,374

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

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FUND FINANCIAL STATEMENTS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Classroom Site	Title I Grants
<u>ASSETS</u>			
Cash and investments	\$ 3,778,560	\$ 2,185,295	\$
Cash and investments-restricted			
Property taxes receivable	10,655,643		
Accounts receivable	121,878		
Due from governmental entities	44,684,813	1,407,091	11,974,340
Due from other funds		12,169,969	
Inventory	1,568,190		
Total assets	\$ 60,809,084	\$ 15,762,355	\$ 11,974,340
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 6,575,629	\$	\$ 434,752
Construction contracts payable			
Due to governmental entities			
Due to other funds			10,672,837
Accrued payroll and employee benefits	16,651,237	365,946	866,751
Unearned revenues	26,275		
Total liabilities	23,253,141	365,946	11,974,340
Deferred inflows of resources:			
Unavailable revenues - property taxes	8,035,715		
Unavailable revenue - intergovernmental			
Total deferred inflows of resources	8,035,715		
Fund balances (deficits):			
Nonspendable	1,568,190		
Restricted		15,396,409	
Committed			
Unassigned	27,952,038		
Total fund balances	29,520,228	15,396,409	
 Total liabilities, deferred inflows of resources and fund balances	 \$ 60,809,084	 \$ 15,762,355	 \$ 11,974,340

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>
\$ 9,959,569	\$ 23,011,047	\$ 38,934,471
1,280,654	9,070,014	10,350,668
1,041,466	2,106,987	13,804,096
	192,608	314,486
448,630	4,563,518	63,078,392
		12,169,969
	777,502	2,345,692
<u>\$ 12,730,319</u>	<u>\$ 39,721,676</u>	<u>\$ 140,997,774</u>

\$ 6,652,764	\$ 1,729,069	\$ 15,392,214
	2,464,747	2,464,747
	25,031	25,031
	1,497,132	12,169,969
	2,558,036	20,441,970
1,942	833,265	861,482
<u>6,654,706</u>	<u>9,107,280</u>	<u>51,355,413</u>

704,702	1,717,926	10,458,343
	226,976	226,976
<u>704,702</u>	<u>1,944,902</u>	<u>10,685,319</u>

	777,502	2,345,692
5,370,911	26,876,669	47,643,989
	1,039,083	1,039,083
	(23,760)	27,928,278
<u>5,370,911</u>	<u>28,669,494</u>	<u>78,957,042</u>

<u>\$ 12,730,319</u>	<u>\$ 39,721,676</u>	<u>\$ 140,997,774</u>
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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total governmental fund balances **\$ 78,957,042**

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	\$ 1,062,266,594	
Less accumulated depreciation	<u>(350,633,737)</u>	711,632,857

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

Property taxes	10,458,343	
Intergovernmental	<u>226,976</u>	10,685,319

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

Bond premium	(6,409,802)	
Deferred charge on refunding	<u>6,292,904</u>	(116,898)

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	44,817,419	
Deferred inflows of resources related to pensions	<u>(104,689,837)</u>	(59,872,418)

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.

27,432,751

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

Compensated absences payable	(15,915,241)	
Obligations under capital leases	(47,666,652)	
Net pension liability	(387,916,386)	
Bonds payable	<u>(183,655,000)</u>	<u>(635,153,279)</u>

Net position of governmental activities **\$ 133,565,374**

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, 2015

	General	Classroom Site	Title I Grants
Revenues:			
Other local	\$ 15,940,502	\$ 64,176	\$
Property taxes	144,010,589		
State aid and grants	128,771,801	16,885,080	
Federal aid, grants and reimbursements	2,158,284		22,985,657
Total revenues	290,881,176	16,949,256	22,985,657
Expenditures:			
Current -			
Instruction	136,390,439	12,522,833	15,426,559
Support services - students and staff	47,279,017	726,303	5,430,469
Support services - administration	39,764,323		861,759
Operation and maintenance of plant services	49,034,520		121,172
Student transportation services	21,903,465		1,500
Operation of non-instructional services	624,803		
Capital outlay	165,520		494,548
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	295,162,087	13,249,136	22,336,007
Excess (deficiency) of revenues over expenditures	(4,280,911)	3,700,120	649,650
Other financing sources (uses):			
Transfers in	1,722,871		
Transfers out	(29,822)		(649,650)
Capital lease agreements			
Total other financing sources (uses):	1,693,049		(649,650)
Changes in fund balances	(2,587,862)	3,700,120	
Fund balances (deficits), beginning of year	31,941,542	11,696,289	
Increase (decrease) in reserve for inventory	166,548		
Fund balances (deficits), end of year	\$ 29,520,228	\$ 15,396,409	\$

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

Unrestricted Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
\$ 132,705	\$ 13,212,616	\$ 29,349,999
17,753,110	22,271,099	184,034,798
15,813,567	3,906,873	165,377,321
	38,992,155	64,136,096
<u>33,699,382</u>	<u>78,382,743</u>	<u>442,898,214</u>
	14,681,401	179,021,232
	6,399,425	59,835,214
	1,453,286	42,079,368
	2,233,086	51,388,778
	246,865	22,151,830
	24,193,161	24,817,964
20,553,827	25,686,955	46,900,850
6,641,198	16,145,450	22,786,648
669,301	11,070,859	11,740,160
<u>27,864,326</u>	<u>102,110,488</u>	<u>460,722,044</u>
<u>5,835,056</u>	<u>(23,727,745)</u>	<u>(17,823,830)</u>
	29,822	1,752,693
	(1,073,221)	(1,752,693)
2,309,151	30,012,647	32,321,798
<u>2,309,151</u>	<u>28,969,248</u>	<u>32,321,798</u>
8,144,207	5,241,503	14,497,968
(2,773,296)	23,579,488	64,444,023
	(151,497)	15,051
<u>\$ 5,370,911</u>	<u>\$ 28,669,494</u>	<u>\$ 78,957,042</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, 2015

Net changes in fund balances - total governmental funds **\$ 14,513,019**

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	\$ 30,927,097	
Less current year depreciation	<u>(26,788,311)</u>	4,138,786

Capital lease agreements provide current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position. (32,321,798)

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

Property taxes	(1,715,896)	
Intergovernmental	<u>226,976</u>	(1,488,920)

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	8,471,648	
Bond principal retirement	<u>14,315,000</u>	22,786,648

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	25,102,373	
Cost of benefits earned net of employee contributions	<u>(9,502,921)</u>	15,599,452

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

Loss on disposal of assets	(393,919)	
Amortization of deferred bond items	238,445	
Compensated absences	<u>291,446</u>	135,972

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.

720,264

Changes in net position in governmental activities **\$ 24,083,423**

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, 2015

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 33,123,214
Due from other funds	2,179,886
Total current assets	35,303,100
Total assets	35,303,100
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	26,441
Claims payable	5,421,798
Total current liabilities	5,448,239
Noncurrent liabilities:	
Claims payable	2,422,110
Total noncurrent liabilities	2,422,110
Total liabilities	7,870,349
 <u>NET POSITION</u>	
Unrestricted	27,432,751
Total net position	\$ 27,432,751

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, 2015

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 26,687,739
Other	277,465
Total operating revenues	<u>26,965,204</u>
Operating expenses:	
Claims	22,060,590
Premiums	2,853,728
Administrative fees	1,640,466
Other	58,899
Total operating expenses	<u>26,613,683</u>
Operating income (loss)	<u>351,521</u>
Nonoperating revenues (expenses):	
Investment income	368,743
Total nonoperating revenues (expenses)	<u>368,743</u>
Changes in net position	<u>720,264</u>
Total net position, beginning of year	26,712,487
Total net position, end of year	<u><u>\$ 27,432,751</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, 2015

	Governmental Activities: Internal Service Funds
<u>Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 24,507,853
Cash payments for claims	(24,538,090)
Cash payments to suppliers for goods and services	(4,610,685)
Net cash used for operating activities	(4,640,922)
Cash flows from investing activities:	
Investment income	368,743
Net cash provided by investing activities	368,743
Net decrease in cash and cash equivalents	(4,272,179)
Cash and cash equivalents, beginning of year	37,395,393
Cash and cash equivalents, end of year	\$ 33,123,214
<u>Reconciliation of Operating Income to Net Cash Used for Operating Activities</u>	
Operating income	\$ 351,521
Adjustments to reconcile operating income to net cash used for operating activities:	
Changes in assets and liabilities:	
Increase in due from other funds	(2,179,886)
Decrease in prepaid items	36,665
Decrease in accounts payable	(94,257)
Decrease in claims payable	(2,754,965)
Total adjustments	(4,992,443)
Net cash provided by operating activities	\$ (4,640,922)

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, 2015

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 7,947,494
Total assets	\$ 7,947,494
 <u>LIABILITIES</u>	
Deposits held for others	\$ 3,764,044
Due to other funds	2,179,886
Due to student groups	2,003,564
Total liabilities	\$ 7,947,494

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, 2015

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, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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, 2015

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, as well as the difference between the requisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

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.

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NOTES TO FINANCIAL STATEMENTS
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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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$ 1,568,190	\$	\$	\$ 777,502
Restricted:				
Debt service				2,076,171
Capital projects			5,370,911	7,536,044
Voter approved initiatives		15,396,409		657,818
Federal and state projects				945,805
Food service				3,590,864
Civic center				3,769,685
Extracurricular programs				6,229,658
Other purposes				2,070,624
Committed:				
School improvements				1,039,083
Unassigned	27,952,038			(23,760)
Total fund balances	\$29,520,228	\$ 15,396,409	\$ 5,370,911	\$ 28,669,494

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the Building Renewal Grant Fund, a non-major governmental fund, reported a deficit of \$23,760 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2015-16 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, 2015

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 \$31,753,084 and the bank balance was \$31,258,780, which includes \$16,910,098 of certificates on deposit and \$200,000 held with 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.

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

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

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market – U.S. Treasury	Less than one year	\$ 9,373,719
County Treasurer’s investment pool	223 days average	48,307,638
State Treasurer’s investment pool 7	47 days average	921,406
Total		<u>\$ 58,602,763</u>

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – CASH AND INVESTMENTS

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County 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	\$ 270,476	\$	\$11,974,340	\$	\$ 3,015,888
Due from state government	44,334,250	1,407,091		447,821	1,547,630
Due from county government	80,087			809	
Net due from governmental entities	<u>\$ 44,684,813</u>	<u>\$ 1,407,091</u>	<u>\$11,974,340</u>	<u>\$ 448,630</u>	<u>\$ 4,563,518</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 14,466,785	\$	\$ 30,003	\$ 14,436,782
Construction in progress	3,295,054	25,893,979	4,716,160	24,472,873
Total capital assets, not being depreciated	<u>17,761,839</u>	<u>25,893,979</u>	<u>4,746,163</u>	<u>38,909,655</u>
Capital assets, being depreciated:				
Land improvements	75,779,341	542,210		76,321,551
Buildings and improvements	870,853,637	4,151,921	375,410	874,630,148
Vehicles, furniture and equipment	70,794,085	5,085,150	3,473,995	72,405,240
Total capital assets being depreciated	<u>1,017,427,063</u>	<u>9,779,281</u>	<u>3,849,405</u>	<u>1,023,356,939</u>
Less accumulated depreciation for:				
Land improvements	(30,308,105)	(2,843,880)		(33,151,985)
Buildings and improvements	(258,606,799)	(18,530,335)	(330,729)	(276,806,405)
Vehicles, furniture and equipment	(38,386,008)	(5,414,096)	(3,124,757)	(40,675,347)
Total accumulated depreciation	<u>(327,300,912)</u>	<u>(26,788,311)</u>	<u>(3,455,486)</u>	<u>(350,633,737)</u>
Total capital assets, being depreciated, net	<u>690,126,151</u>	<u>(17,009,030)</u>	<u>393,919</u>	<u>672,723,202</u>
Governmental activities capital assets, net	<u>\$ 707,887,990</u>	<u>\$ 8,884,949</u>	<u>\$ 5,140,082</u>	<u>\$ 711,632,857</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$23,167,500
Support services – students and staff	146,896
Support services – administration	1,119,152
Operation and maintenance of plant services	278,999
Student transportation services	1,966,064
Operation of non-instructional services	109,700
Total depreciation expense – governmental activities	<u>\$26,788,311</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects. At year end the District had spent \$24.5 million on the projects and had estimated remaining contractual commitments of \$7.3 million. These projects are being funded primarily with lease proceeds.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – OBLIGATIONS UNDER LEASES

Capital Leases – The District has acquired vehicles and equipment under the provisions of long-term lease agreements classified as capital leases. In addition, the District has various projects in process that have been financed under the provisions of long-term lease agreements classified as capital leases. At June 30, 2015, lease proceeds of \$10.4 million were held in escrow for future purchases related to the projects. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund, a major governmental fund, and the E-Rate and Food Service Funds, non-major governmental funds, will be used to pay the capital lease obligations for the vehicles. 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 to pay the capital lease obligations on the energy efficiency equipment. Amortization of assets recorded under capital leases is included in depreciation expense.

	Governmental Activities
Asset:	
Construction in progress	\$ 22,609,403
Vehicles and equipment	14,173,730
Less: Accumulated depreciation	(4,932,426)
Total	\$ 31,850,707

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:	
2016	\$ 10,827,656
2017	9,339,228
2018	7,498,842
2019	3,384,283
2020	2,863,849
2021-25	13,870,792
2026-30	11,096,631
Total minimum lease payments	58,881,281
Less: amount representing interest	11,214,629
Present value of minimum lease payments	\$ 47,666,652
Due within one year	\$ 8,985,413

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 \$756,066 for the current fiscal year. The operating leases have remaining noncancelable lease terms from 1 to 4 years and provide renewal options. The future minimum rental payments required under the operating leases at year end were as follows:

Year Ending June 30:		
	2016	\$ 673,061
	2017	536,441
	2018	329,873
	2019	191,018
	Total minimum payments required	<u>\$1,730,393</u>

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

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

Description	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2015	Due Within One Year
Governmental activities:					
School Improvement Bonds, 2006	\$ 10,000,000	4.25-5.00%	7/1/16-26	\$ 4,080,000	\$ 295,000
School Improvement Bonds, 2007	47,000,000	4.375-5.00%	7/1/16-28	35,235,000	2,100,000
School Improvement Bonds, 2008	57,000,000	4.00-5.00%	7/1/16-28	48,600,000	6,400,000
School Improvement Bonds, 2010	6,770,000	3.00-5.00%	7/1/16	3,435,000	3,435,000
School Improvement Bonds, 2010	67,230,000	4.32-5.12%	7/1/16-29	67,230,000	
Refunding Bonds, 2010	45,725,000	4.00-5.00%	7/1/16-22	3,035,000	50,000
Refunding Bonds, 2011 (nontaxable)	28,115,000	4.00-5.00%	7/1/16-24	22,040,000	2,520,000
Total				<u>\$ 183,655,000</u>	<u>\$ 14,800,000</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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
2016	\$ 14,800,000	\$ 8,919,975
2017	13,370,000	8,329,446
2018	11,135,000	7,803,672
2019	11,500,000	7,297,930
2020	11,930,000	6,750,240
2021-25	68,960,000	24,073,862
2026-30	51,960,000	5,864,674
Total	<u>\$ 183,655,000</u>	<u>\$ 69,039,799</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	\$ 197,970,000	\$	\$ 14,315,000	\$183,655,000	\$ 14,800,000
Premium	7,277,538		867,736	6,409,802	
Total bonds payable	<u>205,247,538</u>		<u>15,182,736</u>	<u>190,064,802</u>	<u>14,800,000</u>
Obligations under capital leases	23,816,502	32,321,798	8,471,648	47,666,652	8,985,413
Net pension liability	463,388,256		75,471,870	387,916,386	
Compensated absences payable	16,206,687	4,912,695	5,204,141	15,915,241	2,601,419
Governmental activity long-term liabilities	<u>\$ 708,658,983</u>	<u>\$ 37,234,493</u>	<u>\$ 104,330,395</u>	<u>\$ 641,563,081</u>	<u>\$ 26,386,832</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

The Title Grants Fund and several non-major governmental funds had negative cash balances of \$12,169,969 in total in the Treasurer’s pooled cash accounts at year end. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the Classroom Site Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in		Total
	General Fund	Non-Major Governmental Funds	
Transfers out			
General Fund	\$	\$ 29,822	\$ 29,822
Title I Grants Fund	649,650		649,650
Non-Major Governmental Funds	1,073,221		1,073,221
Total	<u>\$ 1,722,871</u>	<u>\$ 29,822</u>	<u>\$1,752,693</u>

Transfers between funds were used to (1) eliminate a deficit cash balance in the Building Renewal Grants Fund and (2) to move federal grant funds restricted for indirect costs.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 \$200,000 for each claim, not-to-exceed an annual aggregate of \$1.0 million. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims did not exceed this coverage in the past fiscal year.

The District established the Workers' Compensation Trust (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee work related accidents. 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. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RISK MANAGEMENT

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>				
2014-15	\$ 7,024,917	\$ (1,018,994)	\$ 1,817,671	\$ 4,188,252
2013-14	7,271,763	2,084,037	2,330,883	7,024,917
<u>Employee Benefits</u>				
2014-14	3,573,956	22,802,119	22,720,419	3,655,656
2013-14	4,623,085	22,004,755	23,053,884	3,573,956
<u>Total</u>				
2014-15	10,598,873	21,783,125	24,538,090	7,843,908
2013-14	11,894,848	24,088,792	25,384,767	10,598,873

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
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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
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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 11.60 percent (11.48 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 11.60 percent (10.89 percent for retirement, 0.59 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, 2015 were \$25,102,373.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement 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 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:				
2015	\$	1,360,000	\$	276,610
2014		1,355,438		542,175
2013		1,618,279		597,518

Pension Liability. At June 30, 2015, the District reported a liability of \$388.0 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014. 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, 2014, the District’s proportion was 2.62 percent, which was an decrease of 0.318 from its proportion measured as of June 30, 2013.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2015, the District recognized pension expense of \$9.5 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$19,715,046	\$
Net difference between projected and actual earnings on pension plan investments		67,834,599
Changes in proportion and differences between contributions and proportionate share of contributions		36,855,238
Contributions subsequent to the measurement date	25,102,373	
Total	<u>\$ 44,817,419</u>	<u>\$104,689,837</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:	
2016	\$ (24,410,907)
2017	(24,410,907)
2018	(19,194,327)
2019	(16,958,650)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2013
Actuarial roll forward date	June 30, 2014
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, 2013 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	63%	7.03%
Fixed income	25%	3.20
Real estate	8%	4.75
Commodities	4%	4.50
Total	<u>100%</u>	

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$490,306,418	\$387,916,386	\$332,364,653

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.

Beginning Net Position Restatement. The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	Statement of Activities
Net position, June 30, 2014, as previously reported	\$ 572,870,207
Net pension liability	(463,388,256)
Net position, July 1, 2014, as restated	\$ 109,481,951

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 – SUBSEQUENT EVENTS

On September 1, 2015, the District sold Townsend Elementary School for \$5.6 million as approved by voters in the November 2014 election.

REQUIRED SUPPLEMENTARY INFORMATION

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Other local	\$	\$	\$ 13,037,059	\$ 13,037,059
Property taxes			144,010,589	144,010,589
State aid and grants			127,958,037	127,958,037
Total revenues			<u>285,005,685</u>	<u>285,005,685</u>
Expenditures:				
Current -				
Instruction	146,248,910	143,792,008	133,313,584	10,478,424
Support services - students and staff	52,936,309	46,560,879	46,304,363	256,516
Support services - administration	36,013,962	37,863,688	35,177,041	2,686,647
Operation and maintenance of plant services	42,078,961	50,477,882	48,399,805	2,078,077
Student transportation services	22,219,126	19,376,784	21,878,676	(2,501,892)
Operation of non-instructional services	<u>468,183</u>	<u>466,183</u>	<u>503,028</u>	<u>(36,845)</u>
Total expenditures	<u>299,965,451</u>	<u>298,537,424</u>	<u>285,576,497</u>	<u>12,960,927</u>
Excess (deficiency) of revenues over expenditures	<u>(299,965,451)</u>	<u>(298,537,424)</u>	<u>(570,812)</u>	<u>297,966,612</u>
Other financing sources (uses):				
Transfers out			(29,822)	(29,822)
Total other financing sources (uses):			<u>(29,822)</u>	<u>(29,822)</u>
Changes in fund balances	<u>(299,965,451)</u>	<u>(298,537,424)</u>	<u>(600,634)</u>	<u>297,936,790</u>
Fund balances, beginning of year			15,990,143	15,990,143
Increase (decrease) in reserve for inventory			166,548	166,548
Fund balances (deficits), end of year	<u>\$ (299,965,451)</u>	<u>\$ (298,537,424)</u>	<u>\$ 15,556,057</u>	<u>\$ 314,093,481</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local	\$	\$	\$ 64,176	\$ 64,176
State aid and grants			16,885,080	16,885,080
Total revenues			<u>16,949,256</u>	<u>16,949,256</u>
Expenditures:				
Current -				
Instruction	25,411,809	27,977,374	12,522,833	15,454,541
Support services - students and staff	660,544	660,544	726,303	(65,759)
Total expenditures	<u>26,072,353</u>	<u>28,637,918</u>	<u>13,249,136</u>	<u>15,388,782</u>
Changes in fund balances	<u>(26,072,353)</u>	<u>(28,637,918)</u>	<u>3,700,120</u>	<u>32,338,038</u>
Fund balances, beginning of year			11,696,289	11,696,289
Fund balances (deficits), end of year	<u>\$ (26,072,353)</u>	<u>\$ (28,637,918)</u>	<u>\$ 15,396,409</u>	<u>\$ 44,034,327</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 22,985,657	\$ 22,985,657
Total revenues			<u>22,985,657</u>	<u>22,985,657</u>
Expenditures:				
Current -				
Instruction	19,580,418	20,271,076	15,426,559	4,844,517
Support services - students and staff	6,892,713	7,135,839	5,430,469	1,705,370
Support services - administration	1,093,802	1,132,384	861,759	270,625
Operation and maintenance of plant services	153,800	159,225	121,172	38,053
Student transportation services	1,904	1,971	1,500	471
Capital outlay	627,713	649,855	494,548	155,307
Total expenditures	<u>28,350,350</u>	<u>29,350,350</u>	<u>22,336,007</u>	<u>7,014,343</u>
Excess (deficiency) of revenues over expenditures	<u>(28,350,350)</u>	<u>(29,350,350)</u>	<u>649,650</u>	<u>30,000,000</u>
Other financing sources (uses):				
Transfers out	(649,650)	(649,650)	(649,650)	
Total other financing sources (uses):	<u>(649,650)</u>	<u>(649,650)</u>	<u>(649,650)</u>	
Changes in fund balances	<u>(29,000,000)</u>	<u>(30,000,000)</u>		<u>30,000,000</u>
Fund balances, beginning of year				
Fund balances (deficits), end of year	<u>\$ (29,000,000)</u>	<u>\$ (30,000,000)</u>	<u>\$</u>	<u>\$ 30,000,000</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
YEAR ENDED JUNE 30, 2015**

2015

District's proportion of the net pension liability (asset)	2.62%
District's proportionate share of the net pension liability (asset)	\$ 387,916,386
District's covered-employee payroll	\$ 226,040,823
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	171.61%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

**SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015**

2015

Actuarially determined contribution	\$ 25,102,373
Contributions in relation to the actuarially determined contribution	<u>25,102,373</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered-employee payroll	\$ 226,601,952
Contributions as a percentage of covered-employee payroll	11.08%

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

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:

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balances</u> <u>End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 295,162,087	\$ 29,520,228
Activity budgeted as special revenue funds	<u>(9,585,590)</u>	<u>(13,964,171)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 285,576,497</u>	<u>\$ 15,556,057</u>

NOTE 2 – PENSION PLAN SCHEDULES

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2013, 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.

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

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GOVERNMENTAL FUNDS

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and investments	\$ 19,626,635	\$ 1,692,319	\$ 1,692,093
Cash and investments-restricted			9,070,014
Property taxes receivable		2,068,727	38,260
Accounts receivable	192,608		
Due from governmental entities	3,833,888		729,630
Inventory	777,502		
Total assets	<u><u>\$ 24,430,633</u></u>	<u><u>\$ 3,761,046</u></u>	<u><u>\$ 11,529,997</u></u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 861,514	\$	\$ 867,555
Construction contracts payable			2,464,747
Due to governmental entities	25,031		
Due to other funds	845,582		651,550
Accrued payroll and employee benefits	2,558,036		
Unearned revenues	832,455	810	
Total liabilities	<u><u>5,122,618</u></u>	<u><u>810</u></u>	<u><u>3,983,852</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		1,684,065	33,861
Unavailable revenue - intergovernmental	226,976		
Total deferred inflows of resources	<u><u>226,976</u></u>	<u><u>1,684,065</u></u>	<u><u>33,861</u></u>
Fund balances (deficits):			
Nonspendable	777,502		
Restricted	17,264,454	2,076,171	7,536,044
Committed	1,039,083		
Unassigned			(23,760)
Total fund balances	<u><u>19,081,039</u></u>	<u><u>2,076,171</u></u>	<u><u>7,512,284</u></u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 24,430,633</u></u>	 <u><u>\$ 3,761,046</u></u>	 <u><u>\$ 11,529,997</u></u>

Total Non-
Major
Governmental
Fund

\$ 23,011,047
9,070,014
2,106,987
192,608
4,563,518
777,502
\$ 39,721,676

\$ 1,729,069
2,464,747
25,031
1,497,132
2,558,036
833,265
9,107,280

1,717,926
226,976
1,944,902

777,502
26,876,669
1,039,083
(23,760)
28,669,494

\$ 39,721,676

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, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Other local	\$ 13,122,810	\$ 81,563	\$ 8,243
Property taxes		22,006,359	264,740
State aid and grants	3,180,473		726,400
Federal aid, grants and reimbursements	<u>36,626,252</u>	<u>1,256,088</u>	<u>1,109,815</u>
Total revenues	<u>52,929,535</u>	<u>23,344,010</u>	<u>2,109,198</u>
Expenditures:			
Current -			
Instruction	14,681,401		
Support services - students and staff	6,399,425		
Support services - administration	1,453,286		
Operation and maintenance of plant services	2,233,086		
Student transportation services	246,865		
Operation of non-instructional services	24,193,161		
Capital outlay	1,797,649		23,889,306
Debt service -			
Principal retirement	1,830,450	14,315,000	
Interest and fiscal charges	<u>162,104</u>	<u>9,798,940</u>	<u>1,109,815</u>
Total expenditures	<u>52,997,427</u>	<u>24,113,940</u>	<u>24,999,121</u>
Excess (deficiency) of revenues over expenditures	<u>(67,892)</u>	<u>(769,930)</u>	<u>(22,889,923)</u>
Other financing sources (uses):			
Transfers in			29,822
Transfers out	(1,073,221)		
Capital lease agreements	<u>545,835</u>		<u>29,466,812</u>
Total other financing sources (uses):	<u>(527,386)</u>		<u>29,496,634</u>
Changes in fund balances	<u>(595,278)</u>	<u>(769,930)</u>	<u>6,606,711</u>
Fund balances, beginning of year	19,827,814	2,846,101	905,573
Increase (decrease) in reserve for inventory	(151,497)		
Fund balances, end of year	<u>\$ 19,081,039</u>	<u>\$ 2,076,171</u>	<u>\$ 7,512,284</u>

Total Non-
Major
Governmental
Funds

\$ 13,212,616
22,271,099
3,906,873
38,992,155
78,382,743

14,681,401
6,399,425
1,453,286
2,233,086
246,865
24,193,161
25,686,955

16,145,450
11,070,859
102,110,488

(23,727,745)

29,822
(1,073,221)
30,012,647
28,969,248

5,241,503

23,579,488

(151,497)

\$ 28,669,494

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.

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

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

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.

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Instructional Improvement	County, City, and Town Grants	Structured English Immersion
<u>ASSETS</u>			
Cash and investments	\$	\$ 71,965	\$ 1
Accounts receivable			
Due from governmental entities	843,728		
Inventory			
Total assets	\$ 843,728	\$ 71,965	\$ 1
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to governmental entities			
Due to other funds	49,941		
Accrued payroll and employee benefits	135,969	8,713	
Unearned revenues			1
Total liabilities	185,910	8,713	1
Deferred inflows of resources:			
Unavailable revenue - intergovernmental			
Fund balances:			
Nonspendable			
Restricted	657,818	63,252	
Committed			
Total fund balances	657,818	63,252	
Total liabilities, deferred inflows of resources and fund balances	\$ 843,728	\$ 71,965	\$ 1

<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>
\$ 25,969	\$	\$	\$	\$	\$ 469,842
204,616	482,086	51,909	56,274	122,769	249,679
<u>\$ 230,585</u>	<u>\$ 482,086</u>	<u>\$ 51,909</u>	<u>\$ 56,274</u>	<u>\$ 122,769</u>	<u>\$ 719,521</u>
\$ 71,985	\$	\$	\$	\$	\$ 79,419
	98,379	51,909	1,251	86,577	
156,506	383,707		55,023	35,248	640,102
2,094				944	
<u>230,585</u>	<u>482,086</u>	<u>51,909</u>	<u>56,274</u>	<u>122,769</u>	<u>719,521</u>
<u>\$ 230,585</u>	<u>\$ 482,086</u>	<u>\$ 51,909</u>	<u>\$ 56,274</u>	<u>\$ 122,769</u>	<u>\$ 719,521</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Johnson O'Malley	Vocational Education	Homeless Education
<u>ASSETS</u>			
Cash and investments	\$ 1,769	\$	\$ 26,219
Accounts receivable			
Due from governmental entities		335,643	
Inventory			
Total assets	\$ 1,769	\$ 335,643	\$ 26,219
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to governmental entities			
Due to other funds		265,711	
Accrued payroll and employee benefits		69,932	
Unearned revenues	1,769		26,219
Total liabilities	1,769	335,643	26,219
Deferred inflows of resources:			
Unavailable revenue - intergovernmental			
Fund balances:			
Nonspendable			
Restricted			
Committed			
Total fund balances			
Total liabilities, deferred inflows of resources and fund balances	\$ 1,769	\$ 335,643	\$ 26,219

<u>E-Rate</u>	<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Chemical Abuse Prevention Programs</u>	<u>Other State Projects</u>	<u>School Plant</u>
\$ 991,281	\$	\$ 7,058	\$ 270,086	\$ 698,655	\$ 1,064,114
226,976	519,530	37,397			
<u>\$ 1,218,257</u>	<u>\$ 519,530</u>	<u>\$ 44,455</u>	<u>\$ 270,086</u>	<u>\$ 698,655</u>	<u>\$ 1,064,114</u>
\$	\$ 36,900	\$ 21,405	\$	\$ 218,144	\$
	251,665				25,031
	206,914	18,175	20,088	3,483	
45,476	24,051	4,875	249,998	477,028	
<u>45,476</u>	<u>519,530</u>	<u>44,455</u>	<u>270,086</u>	<u>698,655</u>	<u>25,031</u>
<u>226,976</u>					
945,805					
<u>945,805</u>					<u>1,039,083</u>
					<u>1,039,083</u>
<u>\$ 1,218,257</u>	<u>\$ 519,530</u>	<u>\$ 44,455</u>	<u>\$ 270,086</u>	<u>\$ 698,655</u>	<u>\$ 1,064,114</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,686,765	\$ 3,815,808	\$ 447,798
Accounts receivable		117,056	
Due from governmental entities	440,774		262,507
Inventory	<u>777,502</u>		
Total assets	<u><u>\$ 4,905,041</u></u>	<u><u>\$ 3,932,864</u></u>	<u><u>\$ 710,305</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 184,188	\$ 142,589	\$ 35,025
Due to governmental entities			
Due to other funds			
Accrued payroll and employee benefits	352,487	20,590	308,438
Unearned revenues			
Total liabilities	<u><u>536,675</u></u>	<u><u>163,179</u></u>	<u><u>343,463</u></u>
Deferred inflows of resources:			
Unavailable revenue - intergovernmental	<u> </u>	<u> </u>	<u> </u>
Fund balances:			
Nonspendable	777,502		
Restricted	3,590,864	3,769,685	366,842
Committed			
Total fund balances	<u><u>4,368,366</u></u>	<u><u>3,769,685</u></u>	<u><u>366,842</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 4,905,041</u></u>	<u><u>\$ 3,932,864</u></u>	<u><u>\$ 710,305</u></u>

<u>Extracurricular Activities Fees Tax Credit</u>	<u>Career, Technical and Vocational Education</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>
\$ 6,261,541	\$ 1,966	\$ 428	\$ 216,517	\$ 50,052	\$ 1,568,853 25,500
<u>\$ 6,261,541</u>	<u>\$ 1,966</u>	<u>\$ 428</u>	<u>\$ 216,517</u>	<u>\$ 50,052</u>	<u>\$ 1,594,353</u>
\$	\$	\$	\$	\$	\$ 71,859
31,883				40,149 7,173	103,605
<u>31,883</u>				<u>47,322</u>	<u>175,464</u>
6,229,658	1,966	428	216,517	2,730	1,418,889
<u>6,229,658</u>	<u>1,966</u>	<u>428</u>	<u>216,517</u>	<u>2,730</u>	<u>1,418,889</u>
<u>\$ 6,261,541</u>	<u>\$ 1,966</u>	<u>\$ 428</u>	<u>\$ 216,517</u>	<u>\$ 50,052</u>	<u>\$ 1,594,353</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Totals
<u>ASSETS</u>	
Cash and investments	\$ 19,626,635
Accounts receivable	192,608
Due from governmental entities	3,833,888
Inventory	777,502
Total assets	\$ 24,430,633
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 861,514
Due to governmental entities	25,031
Due to other funds	845,582
Accrued payroll and employee benefits	2,558,036
Unearned revenues	832,455
Total liabilities	5,122,618
Deferred inflows of resources:	
Unavailable revenue - intergovernmental	226,976
Fund balances:	
Nonspendable	777,502
Restricted	17,264,454
Committed	1,039,083
Total fund balances	19,081,039
Total liabilities, deferred inflows of resources and fund balances	\$ 24,430,633

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Instructional Improvement	County, City, and Town Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 583	\$ 125,176	\$
State aid and grants	1,905,878		
Federal aid, grants and reimbursements			2,218,557
Total revenues	<u>1,906,461</u>	<u>125,176</u>	<u>2,218,557</u>
Expenditures:			
Current -			
Instruction	1,679,356	91,403	109,822
Support services - students and staff		31,683	2,020,248
Support services - administration			20,923
Operation and maintenance of plant services			2,882
Student transportation services		150	
Operation of non-instructional services			
Capital outlay		5,182	
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>1,679,356</u>	<u>128,418</u>	<u>2,153,875</u>
Excess (deficiency) of revenues over expenditures	<u>227,105</u>	<u>(3,242)</u>	<u>64,682</u>
Other financing sources (uses):			
Transfers out			(64,682)
Capital lease agreements			
Total other financing sources (uses):			<u>(64,682)</u>
Changes in fund balances	<u>227,105</u>	<u>(3,242)</u>	
Fund balances, beginning of year	430,713	66,494	
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 657,818</u>	<u>\$ 63,252</u>	<u>\$</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>	<u>Johnson O'Malley</u>
\$	\$	\$	\$	\$	\$
<u>2,636,692</u>	<u>36,548</u>	<u>694,481</u>	<u>360,886</u>	<u>8,057,915</u>	<u>78,236</u>
<u>2,636,692</u>	<u>36,548</u>	<u>694,481</u>	<u>360,886</u>	<u>8,057,915</u>	<u>78,236</u>
1,478,403		90,616	299,588	6,574,801	70,530
225,254	36,517	586,708	57,481	1,196,328	4,122
815,242		2,243	3,817	31,524	
4,075		1,297		52	
8,480					
19,928				23,470	
<u>2,551,382</u>	<u>36,517</u>	<u>680,864</u>	<u>360,886</u>	<u>7,826,175</u>	<u>74,652</u>
<u>85,310</u>	<u>31</u>	<u>13,617</u>		<u>231,740</u>	<u>3,584</u>
(85,310)	(31)	(13,617)		(231,740)	(3,584)
<u>(85,310)</u>	<u>(31)</u>	<u>(13,617)</u>		<u>(231,740)</u>	<u>(3,584)</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, 2015

	Vocational Education	Homeless Education	E-Rate
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	1,235,687	3	1,438,702
Total revenues	1,235,687	3	1,438,702
Expenditures:			
Current -			
Instruction	209,150		
Support services - students and staff	442,425		
Support services - administration			
Operation and maintenance of plant services			1,484,177
Student transportation services			
Operation of non-instructional services			
Capital outlay	562,681		
Debt service -			
Principal retirement			1,800,553
Interest and fiscal charges			162,104
Total expenditures	1,214,256		3,446,834
Excess (deficiency) of revenues over expenditures	21,431	3	(2,008,132)
Other financing sources (uses):			
Transfers out	(21,431)	(3)	
Capital lease agreements			
Total other financing sources (uses):	(21,431)	(3)	
Changes in fund balances			(2,008,132)
Fund balances, beginning of year			2,953,937
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$	\$	\$ 945,805

<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Chemical Abuse Prevention Programs</u>	<u>Failing Schools Tutoring Grant</u>	<u>Other State Projects</u>	<u>School Plant</u>
\$	\$	\$	\$	\$	\$
	497,826	295,680	109,402	371,687	137,269
<u>1,087,709</u>	<u>497,826</u>	<u>295,680</u>	<u>109,402</u>	<u>371,687</u>	<u>137,269</u>
<u>1,087,709</u>	<u>497,826</u>	<u>295,680</u>	<u>109,402</u>	<u>371,687</u>	<u>137,269</u>
225,989	347,440	174,056	109,402	59,381	
752,306	79,004	83,540		10,318	
79,635	31,578			848	6,537
		429		299,217	2,517
				750	
1,956	39,804	37,655		1,173	
<u>1,059,886</u>	<u>497,826</u>	<u>295,680</u>	<u>109,402</u>	<u>371,687</u>	<u>9,054</u>
<u>27,823</u>					<u>128,215</u>
(27,823)					
<u>(27,823)</u>					
					<u>128,215</u>
					910,868
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,039,083</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, 2015

	Food Service	Civic Center	Community School
Revenues:			
Other local	\$ 1,975,890	\$ 1,216,754	\$ 3,682,050
State aid and grants			
Federal aid, grants and reimbursements	18,181,402		599,434
Total revenues	20,157,292	1,216,754	4,281,484
Expenditures:			
Current -			
Instruction		53,405	
Support services - students and staff		14,105	
Support services - administration		241,868	
Operation and maintenance of plant services		361,576	
Student transportation services		2,176	
Operation of non-instructional services	19,544,764	1,577	4,646,820
Capital outlay	695,741	100,953	7,934
Debt service -			
Principal retirement	29,897		
Interest and fiscal charges			
Total expenditures	20,270,402	775,660	4,654,754
Excess (deficiency) of revenues over expenditures	(113,110)	441,094	(373,270)
Other financing sources (uses):			
Transfers out	(625,000)		
Capital lease agreements	545,835		
Total other financing sources (uses):	(79,165)		
Changes in fund balances	(192,275)	441,094	(373,270)
Fund balances, beginning of year	4,712,138	3,328,591	740,112
Increase (decrease) in reserve for inventory	(151,497)		
Fund balances, end of year	\$ 4,368,366	\$ 3,769,685	\$ 366,842

Extracurricular Activities Fees Tax Credit	Career, Technical and Vocational Education	Fingerprint	Textbooks	Insurance Refund	Joint Technical Education
\$ 2,752,000	\$ 7	\$ 20,619	\$ 26,966	\$ 95,050	\$ 3,090,446
<u>2,752,000</u>	<u>7</u>	<u>20,619</u>	<u>26,966</u>	<u>95,050</u>	<u>3,090,446</u>
1,589,355			6,866		1,511,838
398,418			5,108		455,860
		20,658		93,739	104,674
7,467					69,397
212,939					22,370
52,319				1,264	247,589
<u>2,260,498</u>	<u>7</u>	<u>20,658</u>	<u>11,974</u>	<u>95,003</u>	<u>2,411,728</u>
<u>491,502</u>	<u>7</u>	<u>(39)</u>	<u>14,992</u>	<u>47</u>	<u>678,718</u>
<u>491,502</u>	<u>7</u>	<u>(39)</u>	<u>14,992</u>	<u>47</u>	<u>678,718</u>
5,738,156	1,959	467	201,525	2,683	740,171
<u>\$ 6,229,658</u>	<u>\$ 1,966</u>	<u>\$ 428</u>	<u>\$ 216,517</u>	<u>\$ 2,730</u>	<u>\$ 1,418,889</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, 2015

	Totals
Revenues:	
Other local	\$ 13,122,810
State aid and grants	3,180,473
Federal aid, grants and reimbursements	36,626,252
Total revenues	52,929,535
Expenditures:	
Current -	
Instruction	14,681,401
Support services - students and staff	6,399,425
Support services - administration	1,453,286
Operation and maintenance of plant services	2,233,086
Student transportation services	246,865
Operation of non-instructional services	24,193,161
Capital outlay	1,797,649
Debt service -	
Principal retirement	1,830,450
Interest and fiscal charges	162,104
Total expenditures	52,997,427
Excess (deficiency) of revenues over expenditures	(67,892)
Other financing sources (uses):	
Transfers out	(1,073,221)
Capital lease agreements	545,835
Total other financing sources (uses):	(527,386)
Changes in fund balances	(595,278)
Fund balances, beginning of year	19,827,814
Increase (decrease) in reserve for inventory	(151,497)
Fund balances, end of year	\$ 19,081,039

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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, 2015

	Instructional Improvement		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 583	\$ 583
State aid and grants		1,905,878	1,905,878
Federal aid, grants and reimbursements			
Total revenues		<u>1,906,461</u>	<u>1,906,461</u>
Expenditures:			
Current -			
Instruction	2,500,000	1,679,356	820,644
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>1,679,356</u>	<u>820,644</u>
Excess (deficiency) of revenues over expenditures	<u>(2,500,000)</u>	<u>227,105</u>	<u>2,727,105</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,500,000)</u>	<u>227,105</u>	<u>2,727,105</u>
Fund balances (deficits), beginning of year		430,713	430,713
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (2,500,000)</u>	<u>\$ 657,818</u>	<u>\$ 3,157,818</u>

County, City, and Town Grants			Student Success		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 125,176	\$ 125,176	\$	\$ 813,764	\$ 813,764
	<u>125,176</u>	<u>125,176</u>		<u>813,764</u>	<u>813,764</u>
1,424	91,403	(89,979)	867,966	771,938	96,028
493	31,683	(31,190)	46,628	41,469	5,159
			406	361	45
2	150	(148)			
81	5,182	(5,101)			
<u>2,000</u>	<u>128,418</u>	<u>(126,418)</u>	<u>915,000</u>	<u>813,768</u>	<u>101,232</u>
<u>(2,000)</u>	<u>(3,242)</u>	<u>(1,242)</u>	<u>(915,000)</u>	<u>(4)</u>	<u>914,996</u>
<u>(2,000)</u>	<u>(3,242)</u>	<u>(1,242)</u>	<u>(915,000)</u>	<u>(4)</u>	<u>914,996</u>
	66,494	66,494			
<u>\$ (2,000)</u>	<u>\$ 63,252</u>	<u>\$ 65,252</u>	<u>\$ (915,000)</u>	<u>\$ (4)</u>	<u>\$ 914,996</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, 2015

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		2,218,557	2,218,557
Total revenues		2,218,557	2,218,557
Expenditures:			
Current -			
Instruction	241,445	109,822	131,623
Support services - students and staff	4,441,538	2,020,248	2,421,290
Support services - administration	45,999	20,923	25,076
Operation and maintenance of plant services	6,336	2,882	3,454
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	4,735,318	2,153,875	2,581,443
Excess (deficiency) of revenues over expenditures	(4,735,318)	64,682	4,800,000
Other financing sources (uses):			
Transfers in			
Transfers out	(64,682)	(64,682)	
Total other financing sources (uses):	(64,682)	(64,682)	
Changes in fund balances	(4,800,000)		4,800,000
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (4,800,000)	\$	\$ 4,800,000

Title IV Grants			Promote Informed Parent Choice		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	2,636,692	2,636,692		36,548	36,548
	2,636,692	2,636,692		36,548	36,548
1,862,757	1,478,403	384,354			
283,816	225,254	58,562	274,969	36,517	238,452
1,027,189	815,242	211,947			
5,134	4,075	1,059			
10,685	8,480	2,205			
25,109	19,928	5,181			
3,214,690	2,551,382	663,308	274,969	36,517	238,452
(3,214,690)	85,310	3,300,000	(274,969)	31	275,000
(85,310)	(85,310)		(31)	(31)	
(85,310)	(85,310)		(31)	(31)	
(3,300,000)		3,300,000	(275,000)		275,000
\$ (3,300,000)	\$	\$ 3,300,000	\$ (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, 2015

	Limited English & Immigrant Students		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		694,481	694,481
Total revenues		694,481	694,481
Expenditures:			
Current -			
Instruction	104,659	90,616	14,043
Support services - students and staff	677,635	586,708	90,927
Support services - administration	2,591	2,243	348
Operation and maintenance of plant services	1,498	1,297	201
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	786,383	680,864	105,519
Excess (deficiency) of revenues over expenditures	(786,383)	13,617	800,000
Other financing sources (uses):			
Transfers in			
Transfers out	(13,617)	(13,617)	
Total other financing sources (uses):	(13,617)	(13,617)	
Changes in fund balances	(800,000)		800,000
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (800,000)	\$	\$ 800,000

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	360,886	360,886		8,057,915	8,057,915
	<u>360,886</u>	<u>360,886</u>		<u>8,057,915</u>	<u>8,057,915</u>
336,209	299,588	36,621	9,130,469	6,574,801	2,555,668
64,507	57,481	7,026	1,661,348	1,196,328	465,020
4,284	3,817	467	43,778	31,524	12,254
			72	52	20
			32,593	23,470	9,123
<u>405,000</u>	<u>360,886</u>	<u>44,114</u>	<u>10,868,260</u>	<u>7,826,175</u>	<u>3,042,085</u>
<u>(405,000)</u>		<u>405,000</u>	<u>(10,868,260)</u>	<u>231,740</u>	<u>11,100,000</u>
			<u>(231,740)</u>	<u>(231,740)</u>	
			<u>(231,740)</u>	<u>(231,740)</u>	
<u>(405,000)</u>		<u>405,000</u>	<u>(11,100,000)</u>		<u>11,100,000</u>
<u>\$ (405,000)</u>	<u>\$</u>	<u>\$ 405,000</u>	<u>\$ (11,100,000)</u>	<u>\$</u>	<u>\$ 11,100,000</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		78,236	78,236
Total revenues		<u>78,236</u>	<u>78,236</u>
Expenditures:			
Current -			
Instruction	72,197	70,530	1,667
Support services - students and staff	4,219	4,122	97
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>76,416</u>	<u>74,652</u>	<u>1,764</u>
Excess (deficiency) of revenues over expenditures	<u>(76,416)</u>	<u>3,584</u>	<u>80,000</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(3,584)	(3,584)	
Total other financing sources (uses):	<u>(3,584)</u>	<u>(3,584)</u>	
Changes in fund balances	<u>(80,000)</u>		<u>80,000</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (80,000)</u>	<u>\$</u>	<u>\$ 80,000</u>

Vocational Education			Homeless Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,235,687	1,235,687		3	3
	1,235,687	1,235,687		3	3
220,228	209,150	11,078	129,997		129,997
465,858	442,425	23,433			
592,483	562,681	29,802			
1,278,569	1,214,256	64,313	129,997		129,997
(1,278,569)	21,431	1,300,000	(129,997)	3	130,000
(21,431)	(21,431)		(3)	(3)	
(21,431)	(21,431)		(3)	(3)	
(1,300,000)		1,300,000	(130,000)		130,000
\$ (1,300,000)	\$	\$ 1,300,000	\$ (130,000)	\$	\$ 130,000

(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, 2015

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,429,694	1,429,694
Total revenues		<u>1,429,694</u>	<u>1,429,694</u>
Expenditures:			
Current -			
Instruction	4,295,849	1,488,388	2,807,461
Support services - students and staff	203,215	70,408	132,807
Support services - administration	500,936	173,560	327,376
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>5,000,000</u>	<u>1,732,356</u>	<u>3,267,644</u>
Excess (deficiency) of revenues over expenditures	<u>(5,000,000)</u>	<u>(302,662)</u>	<u>4,697,338</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(5,000,000)</u>	<u>(302,662)</u>	<u>4,697,338</u>
Fund balances (deficits), beginning of year		3,300,090	3,300,090
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (5,000,000)</u>	<u>\$ 2,997,428</u>	<u>\$ 7,997,428</u>

E-Rate			Impact Aid		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,438,702	1,438,702		728,590	728,590
	1,438,702	1,438,702		728,590	728,590
			557,120	213,572	343,548
			608,226	233,163	375,063
6,037,343	1,484,177	4,553,166	117	45	72
1,800,553	1,800,553				
162,104	162,104				
8,000,000	3,446,834	4,553,166	1,165,463	446,780	718,683
(8,000,000)	(2,008,132)	5,991,868	(1,165,463)	281,810	1,447,273
(8,000,000)	(2,008,132)	5,991,868	(1,165,463)	281,810	1,447,273
	2,953,937	2,953,937		415,463	415,463
\$ (8,000,000)	\$ 945,805	\$ 8,945,805	\$ (1,165,463)	\$ 697,273	\$ 1,862,736

(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, 2015

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,087,709	1,087,709
Total revenues		1,087,709	1,087,709
Expenditures:			
Current -			
Instruction	228,610	225,989	2,621
Support services - students and staff	761,030	752,306	8,724
Support services - administration	80,558	79,635	923
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	1,979	1,956	23
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	1,072,177	1,059,886	12,291
Excess (deficiency) of revenues over expenditures	(1,072,177)	27,823	1,100,000
Other financing sources (uses):			
Transfers in			
Transfers out	(27,823)	(27,823)	
Total other financing sources (uses):	(27,823)	(27,823)	
Changes in fund balances	(1,100,000)		1,100,000
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (1,100,000)	\$	\$ 1,100,000

State Vocational Education			Chemical Abuse Prevention Programs		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 497,826	\$ 497,826	\$	\$ 295,680	\$ 295,680
	<u>497,826</u>	<u>497,826</u>		<u>295,680</u>	<u>295,680</u>
383,853	347,440	36,413	225,164	174,056	51,108
87,284	79,004	8,280	108,069	83,540	24,529
34,887	31,578	3,309			
			555	429	126
43,976	39,804	4,172	48,712	37,655	11,057
<u>550,000</u>	<u>497,826</u>	<u>52,174</u>	<u>382,500</u>	<u>295,680</u>	<u>86,820</u>
<u>(550,000)</u>		<u>550,000</u>	<u>(382,500)</u>		<u>382,500</u>
<u>(550,000)</u>		<u>550,000</u>	<u>(382,500)</u>		<u>382,500</u>
<u>\$ (550,000)</u>	<u>\$</u>	<u>\$ 550,000</u>	<u>\$ (382,500)</u>	<u>\$</u>	<u>\$ 382,500</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, 2015

	Failing Schools Tutoring Grant		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		109,402	109,402
Federal aid, grants and reimbursements			
Total revenues		109,402	109,402
Expenditures:			
Current -			
Instruction		109,402	(109,402)
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		109,402	(109,402)
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$	\$	\$

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 371,687	\$ 371,687	\$	\$ 137,269	\$ 137,269
	<u>371,687</u>	<u>371,687</u>		<u>137,269</u>	<u>137,269</u>
159,761	59,381	100,380			
27,760	10,318	17,442			
2,281	848	1,433	560,995	6,537	554,458
805,024	299,217	505,807	216,005	2,517	213,488
2,018	750	1,268			
3,156	1,173	1,983			
<u>1,000,000</u>	<u>371,687</u>	<u>628,313</u>	<u>777,000</u>	<u>9,054</u>	<u>767,946</u>
<u>(1,000,000)</u>		<u>1,000,000</u>	<u>(777,000)</u>	<u>128,215</u>	<u>905,215</u>
<u>(1,000,000)</u>		<u>1,000,000</u>	<u>(777,000)</u>	<u>128,215</u>	<u>905,215</u>
				910,868	910,868
<u>\$ (1,000,000)</u>	<u>\$</u>	<u>\$ 1,000,000</u>	<u>\$ (777,000)</u>	<u>\$ 1,039,083</u>	<u>\$ 1,816,083</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, 2015

	Food Service		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 1,975,890	\$ 1,975,890
State aid and grants			
Federal aid, grants and reimbursements		18,181,402	18,181,402
Total revenues		<u>20,157,292</u>	<u>20,157,292</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	22,171,036	19,544,764	2,626,272
Capital outlay	174,067	149,906	24,161
Debt service -			
Principal retirement	29,897	29,897	
Interest and fiscal charges			
Total expenditures	<u>22,375,000</u>	<u>19,724,567</u>	<u>2,650,433</u>
Excess (deficiency) of revenues over expenditures	<u>(22,375,000)</u>	<u>432,725</u>	<u>22,807,725</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(625,000)	(625,000)	
Total other financing sources (uses):	<u>(625,000)</u>	<u>(625,000)</u>	
Changes in fund balances	<u>(23,000,000)</u>	<u>(192,275)</u>	<u>22,807,725</u>
Fund balances (deficits), beginning of year		4,712,138	4,712,138
Increase (decrease) in reserve for inventory		(151,497)	(151,497)
Fund balances (deficits), end of year	<u>\$ (23,000,000)</u>	<u>\$ 4,368,366</u>	<u>\$ 27,368,366</u>

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,216,754	\$ 1,216,754	\$	\$ 3,682,050	\$ 3,682,050
	<u>1,216,754</u>	<u>1,216,754</u>		<u>599,434</u>	<u>599,434</u>
				<u>4,281,484</u>	<u>4,281,484</u>
240,979	53,405	187,574			
63,646	14,105	49,541			
1,091,378	241,868	849,510			
1,631,534	361,576	1,269,958			
9,819	2,176	7,643			
7,116	1,577	5,539	5,490,625	4,646,820	843,805
455,529	100,953	354,576	9,375	7,934	1,441
<u>3,500,001</u>	<u>775,660</u>	<u>2,724,341</u>	<u>5,500,000</u>	<u>4,654,754</u>	<u>845,246</u>
<u>(3,500,001)</u>	<u>441,094</u>	<u>3,941,095</u>	<u>(5,500,000)</u>	<u>(373,270)</u>	<u>5,126,730</u>
<u>(3,500,001)</u>	<u>441,094</u>	<u>3,941,095</u>	<u>(5,500,000)</u>	<u>(373,270)</u>	<u>5,126,730</u>
	3,328,591	3,328,591		740,112	740,112
<u>\$ (3,500,001)</u>	<u>\$ 3,769,685</u>	<u>\$ 7,269,686</u>	<u>\$ (5,500,000)</u>	<u>\$ 366,842</u>	<u>\$ 5,866,842</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, 2015

	Auxiliary Operations		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 1,526,579	\$ 1,526,579
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>1,526,579</u>	<u>1,526,579</u>
Expenditures:			
Current -			
Instruction	611,344	293,498	317,846
Support services - students and staff	537,483	258,038	279,445
Support services - administration	190,066	91,248	98,818
Operation and maintenance of plant services	57,933	27,813	30,120
Student transportation services	8,830	4,239	4,591
Operation of non-instructional services	253,653	121,775	131,878
Capital outlay	40,691	19,535	21,156
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>1,700,000</u>	<u>816,146</u>	<u>883,854</u>
Excess (deficiency) of revenues over expenditures	<u>(1,700,000)</u>	<u>710,433</u>	<u>2,410,433</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,700,000)</u>	<u>710,433</u>	<u>2,410,433</u>
Fund balances (deficits), beginning of year		1,519,209	1,519,209
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,700,000)</u>	<u>\$ 2,229,642</u>	<u>\$ 3,929,642</u>

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,752,000	\$ 2,752,000	\$	\$ 629,857	\$ 629,857
	<u>2,752,000</u>	<u>2,752,000</u>		<u>629,857</u>	<u>629,857</u>
5,976,345	1,589,355	4,386,990	1,339,945	309,459	1,030,486
1,498,145	398,418	1,099,727	920,705	212,636	708,069
			56,510	13,051	43,459
28,078	7,467	20,611	135,671	31,333	104,338
800,700	212,939	587,761	88,981	20,550	68,431
196,732	52,319	144,413	458,188	105,818	352,370
<u>8,500,000</u>	<u>2,260,498</u>	<u>6,239,502</u>	<u>3,000,000</u>	<u>692,847</u>	<u>2,307,153</u>
<u>(8,500,000)</u>	<u>491,502</u>	<u>8,991,502</u>	<u>(3,000,000)</u>	<u>(62,990)</u>	<u>2,937,010</u>
<u>(8,500,000)</u>	<u>491,502</u>	<u>8,991,502</u>	<u>(3,000,000)</u>	<u>(62,990)</u>	<u>2,937,010</u>
	5,738,156	5,738,156		1,927,699	1,927,699
<u>\$ (8,500,000)</u>	<u>\$ 6,229,658</u>	<u>\$ 14,729,658</u>	<u>\$ (3,000,000)</u>	<u>\$ 1,864,709</u>	<u>\$ 4,864,709</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, 2015

	Career, Technical and Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 7	\$ 7
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		7	7
Expenditures:			
Current -			
Instruction	2,500		2,500
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	2,500		2,500
Excess (deficiency) of revenues over expenditures	(2,500)	7	2,507
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(2,500)	7	2,507
Fund balances (deficits), beginning of year		1,959	1,959
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (2,500)	\$ 1,966	\$ 4,466

Fingerprint			Insurance Proceeds		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 20,619	\$ 20,619	\$	\$ 106,249	\$ 106,249
	<u>20,619</u>	<u>20,619</u>		<u>106,249</u>	<u>106,249</u>
25,000	20,658	4,342	34,783	1,143	33,640
			540,217	17,752	522,465
<u>25,000</u>	<u>20,658</u>	<u>4,342</u>	<u>575,000</u>	<u>18,895</u>	<u>556,105</u>
<u>(25,000)</u>	<u>(39)</u>	<u>24,961</u>	<u>(575,000)</u>	<u>87,354</u>	<u>662,354</u>
<u>(25,000)</u>	<u>(39)</u>	<u>24,961</u>	<u>(575,000)</u>	<u>87,354</u>	<u>662,354</u>
	467	467		260,663	260,663
<u>\$ (25,000)</u>	<u>\$ 428</u>	<u>\$ 25,428</u>	<u>\$ (575,000)</u>	<u>\$ 348,017</u>	<u>\$ 923,017</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, 2015

	Textbooks		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 26,966	\$ 26,966
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u>26,966</u>	<u>26,966</u>
Expenditures:			
Current -			
Instruction	115,255	6,866	108,389
Support services - students and staff	85,745	5,108	80,637
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>201,000</u>	<u>11,974</u>	<u>189,026</u>
Excess (deficiency) of revenues over expenditures	<u>(201,000)</u>	<u>14,992</u>	<u>215,992</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>(201,000)</u>	<u>14,992</u>	<u>215,992</u>
Fund balances (deficits), beginning of year		201,525	201,525
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (201,000)</u>	<u>\$ 216,517</u>	<u>\$ 417,517</u>

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 9,275	\$ 9,275	\$	\$ 14,223	\$ 14,223
	<u>9,275</u>	<u>9,275</u>		<u>14,223</u>	<u>14,223</u>
10,000		10,000			
			251,448	111,130	140,318
			8,402,292	3,713,472	4,688,820
			1,299,624	574,381	725,243
			46,636	20,611	26,025
<u>10,000</u>		<u>10,000</u>	<u>10,000,000</u>	<u>4,419,594</u>	<u>5,580,406</u>
<u>(10,000)</u>	<u>9,275</u>	<u>19,275</u>	<u>(10,000,000)</u>	<u>(4,405,371)</u>	<u>5,594,629</u>
				1,722,871	1,722,871
				<u>1,722,871</u>	<u>1,722,871</u>
<u>(10,000)</u>	<u>9,275</u>	<u>19,275</u>	<u>(10,000,000)</u>	<u>(2,682,500)</u>	<u>7,317,500</u>
	(100,412)	(100,412)		8,292,318	8,292,318
<u>\$ (10,000)</u>	<u>\$ (91,137)</u>	<u>\$ (81,137)</u>	<u>\$ (10,000,000)</u>	<u>\$ 5,609,818</u>	<u>\$ 15,609,818</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, 2015

	Insurance Refund		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 95,050	\$ 95,050
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>95,050</u>	<u>95,050</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	123,337	93,739	29,598
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	1,663	1,264	399
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>125,000</u>	<u>95,003</u>	<u>29,997</u>
Excess (deficiency) of revenues over expenditures	<u>(125,000)</u>	<u>47</u>	<u>125,047</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(125,000)</u>	<u>47</u>	<u>125,047</u>
Fund balances (deficits), beginning of year		2,683	2,683
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (125,000)</u>	<u>\$ 2,730</u>	<u>\$ 127,730</u>

Advertisement			Joint Technical Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 3,090,446	\$ 3,090,446
				3,090,446	3,090,446
100,000		100,000	3,134,346	1,511,838	1,622,508
			945,090	455,860	489,230
			217,010	104,674	112,336
			143,874	69,397	74,477
			46,378	22,370	24,008
			513,302	247,589	265,713
100,000		100,000	5,000,000	2,411,728	2,588,272
(100,000)		100,000	(5,000,000)	678,718	5,678,718
(100,000)		100,000	(5,000,000)	678,718	5,678,718
				740,171	740,171
\$ (100,000)	\$	\$ 100,000	\$ (5,000,000)	\$ 1,418,889	\$ 6,418,889

(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, 2015

	District Services		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 557,427	\$ 557,427
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>557,427</u>	<u>557,427</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	797,584	595,590	201,994
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	2,416	1,804	612
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>800,000</u>	<u>597,394</u>	<u>202,606</u>
Excess (deficiency) of revenues over expenditures	<u>(800,000)</u>	<u>(39,967)</u>	<u>760,033</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(800,000)</u>	<u>(39,967)</u>	<u>760,033</u>
Fund balances (deficits), beginning of year		152,044	152,044
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (800,000)</u>	<u>\$ 112,077</u>	<u>\$ 912,077</u>

<u>Intergovernmental Agreements</u>			<u>Totals</u>		
<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 59,833	\$ 59,833	\$	\$ 16,026,253	\$ 16,026,253
				3,994,237	3,994,237
				38,784,536	38,784,536
	<u>59,833</u>	<u>59,833</u>		<u>58,805,026</u>	<u>58,805,026</u>
500,000	47,810	452,190	32,848,422	17,758,256	15,090,166
			14,518,857	7,374,079	7,144,778
			13,207,081	6,040,568	7,166,513
			10,403,581	2,867,801	7,535,780
			967,413	271,654	695,759
			27,922,430	24,314,936	3,607,494
			3,186,905	1,417,334	1,769,571
			1,830,450	1,830,450	
			162,104	162,104	
<u>500,000</u>	<u>47,810</u>	<u>452,190</u>	<u>105,047,243</u>	<u>62,037,182</u>	<u>43,010,061</u>
<u>(500,000)</u>	<u>12,023</u>	<u>512,023</u>	<u>(105,047,243)</u>	<u>(3,232,156)</u>	<u>101,815,087</u>
				1,722,871	1,722,871
			(1,073,221)	(1,073,221)	
			<u>(1,073,221)</u>	<u>649,650</u>	<u>1,722,871</u>
<u>(500,000)</u>	<u>12,023</u>	<u>512,023</u>	<u>(106,120,464)</u>	<u>(2,582,506)</u>	<u>103,537,958</u>
	184,325	184,325		35,779,213	35,779,213
				(151,497)	(151,497)
<u>\$ (500,000)</u>	<u>\$ 196,348</u>	<u>\$ 696,348</u>	<u>\$ (106,120,464)</u>	<u>\$ 33,045,210</u>	<u>\$ 139,165,674</u>

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DEBT SERVICE FUND

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 81,563	\$ 81,563
Property taxes			22,006,359	22,006,359
Federal aid, grants and reimbursements			1,256,088	1,256,088
Total revenues			<u>23,344,010</u>	<u>23,344,010</u>
Expenditures:				
Debt service -				
Principal retirement	14,315,000	14,315,000	14,315,000	
Interest and fiscal charges	8,485,000	9,885,000	9,798,940	86,060
Total expenditures	<u>22,800,000</u>	<u>24,200,000</u>	<u>24,113,940</u>	<u>86,060</u>
Changes in fund balances	<u>(22,800,000)</u>	<u>(24,200,000)</u>	<u>(769,930)</u>	<u>23,430,070</u>
Fund balances, beginning of year			2,846,101	2,846,101
Fund balances (deficits), end of year	<u>\$ (22,800,000)</u>	<u>\$ (24,200,000)</u>	<u>\$ 2,076,171</u>	<u>\$ 26,276,171</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, 2015

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Condemnation</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,082,751	\$ 43	\$ 21,529
Cash and investments-restricted			
Property taxes receivable	38,260		
Due from governmental entities			
Total assets	<u>\$ 1,121,011</u>	<u>\$ 43</u>	<u>\$ 21,529</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 177,945	\$	\$
Construction contracts payable			
Due to other funds			
Total liabilities	<u>177,945</u>		
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>33,861</u>		
Fund balances (deficits):			
Restricted	909,205	43	21,529
Unassigned			
Total fund balances	<u>909,205</u>	<u>43</u>	<u>21,529</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,121,011</u>	<u>\$ 43</u>	<u>\$ 21,529</u>

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 587,770	\$	\$ 1,692,093
9,070,014		9,070,014
		38,260
63,125	666,505	729,630
<u>\$ 9,720,909</u>	<u>\$ 666,505</u>	<u>\$ 11,529,997</u>
\$ 650,895	\$ 38,715	\$ 867,555
2,464,747		2,464,747
	651,550	651,550
<u>3,115,642</u>	<u>690,265</u>	<u>3,983,852</u>
		<u>33,861</u>
6,605,267		7,536,044
	(23,760)	(23,760)
<u>6,605,267</u>	<u>(23,760)</u>	<u>7,512,284</u>
<u>\$ 9,720,909</u>	<u>\$ 666,505</u>	<u>\$ 11,529,997</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, 2015

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Condemnation</u>
Revenues:			
Other local	\$ 3,271	\$ 43	\$ 70
Property taxes	264,740		
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	268,011	43	70
Expenditures:			
Capital outlay	294,793		
Debt service -			
Interest and fiscal charges			
Total expenditures	294,793		
Excess (deficiency) of revenues over expenditures	(26,782)	43	70
Other financing sources (uses):			
Transfers in			
Capital lease agreements			
Total other financing sources (uses):			
Changes in fund balances	(26,782)	43	70
Fund balances (deficits), beginning of year	935,987		21,459
Fund balances (deficits), end of year	\$ 909,205	\$ 43	\$ 21,529

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 4,859	\$	\$ 8,243
		264,740
	726,400	726,400
<u>1,109,815</u>		<u>1,109,815</u>
<u>1,114,674</u>	<u>726,400</u>	<u>2,109,198</u>
22,866,404	728,109	23,889,306
<u>1,109,815</u>		<u>1,109,815</u>
<u>23,976,219</u>	<u>728,109</u>	<u>24,999,121</u>
<u>(22,861,545)</u>	<u>(1,709)</u>	<u>(22,889,923)</u>
	29,822	29,822
<u>29,466,812</u>		<u>29,466,812</u>
<u>29,466,812</u>	<u>29,822</u>	<u>29,496,634</u>
<u>6,605,267</u>	<u>28,113</u>	<u>6,606,711</u>
	(51,873)	905,573
<u>\$ 6,605,267</u>	<u>\$ (23,760)</u>	<u>\$ 7,512,284</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, 2015

	Unrestricted Capital Outlay		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 132,705	\$ 132,705
Property taxes		17,753,110	17,753,110
State aid and grants		15,813,567	15,813,567
Federal aid, grants and reimbursements			
Total revenues		<u>33,699,382</u>	<u>33,699,382</u>
Expenditures:			
Capital outlay	20,904,597	18,244,676	2,659,921
Debt service -			
Principal retirement	6,641,198	6,641,198	
Interest and fiscal charges	669,301	669,301	
Total expenditures	<u>28,215,096</u>	<u>25,555,175</u>	<u>2,659,921</u>
Excess (deficiency) of revenues over expenditures	<u>(28,215,096)</u>	<u>8,144,207</u>	<u>36,359,303</u>
Other financing sources (uses):			
Transfers in			
Capital lease agreements			
Total other financing sources (uses):			
Changes in fund balances	<u>(28,215,096)</u>	<u>8,144,207</u>	<u>36,359,303</u>
Fund balances (deficits), beginning of year		(2,773,296)	(2,773,296)
Fund balances (deficits), end of year	<u>\$ (28,215,096)</u>	<u>\$ 5,370,911</u>	<u>\$ 33,586,007</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3,271 264,740	\$ 3,271 264,740	\$	\$ 43	\$ 43
	<u>268,011</u>	<u>268,011</u>		<u>43</u>	<u>43</u>
1,200,000	294,793	905,207			
<u>1,200,000</u>	<u>294,793</u>	<u>905,207</u>			
(1,200,000)	(26,782)	1,173,218		43	43
(1,200,000)	(26,782)	1,173,218		43	43
	935,987	935,987			
<u>\$ (1,200,000)</u>	<u>\$ 909,205</u>	<u>\$ 2,109,205</u>	<u>\$</u>	<u>\$ 43</u>	<u>\$ 43</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, 2015

	Gifts and Donations - Capital		Variance - Positive (Negative)
	Budget	Actual	
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			
Capital lease agreements			
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>
\$	\$ 70	\$ 70	\$	\$ 4,859	\$ 4,859
				1,109,815	1,109,815
	70	70		1,114,674	1,114,674
22,000		22,000	30,890,185	22,866,404	8,023,781
			1,109,815	1,109,815	
22,000		22,000	32,000,000	23,976,219	8,023,781
(22,000)	70	22,070	(32,000,000)	(22,861,545)	9,138,455
				29,466,812	29,466,812
				29,466,812	29,466,812
(22,000)	70	22,070	(32,000,000)	6,605,267	38,605,267
	21,459	21,459			
<u>\$ (22,000)</u>	<u>\$ 21,529</u>	<u>\$ 43,529</u>	<u>\$ (32,000,000)</u>	<u>\$ 6,605,267</u>	<u>\$ 38,605,267</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, 2015

	Building Renewal Grant		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants		726,400	726,400
Federal aid, grants and reimbursements			
Total revenues		<u>726,400</u>	<u>726,400</u>
Expenditures:			
Capital outlay	1,400,000	728,109	671,891
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>1,400,000</u>	<u>728,109</u>	<u>671,891</u>
Excess (deficiency) of revenues over expenditures	<u>(1,400,000)</u>	<u>(1,709)</u>	<u>1,398,291</u>
Other financing sources (uses):			
Transfers in		29,822	29,822
Capital lease agreements			
Total other financing sources (uses):		<u>29,822</u>	<u>29,822</u>
Changes in fund balances	<u>(1,400,000)</u>	<u>28,113</u>	<u>1,428,113</u>
Fund balances (deficits), beginning of year		(51,873)	(51,873)
Fund balances (deficits), end of year	<u>\$ (1,400,000)</u>	<u>\$ (23,760)</u>	<u>\$ 1,376,240</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 140,948	\$ 140,948
	18,017,850	18,017,850
	16,539,967	16,539,967
	1,109,815	1,109,815
	<u>35,808,580</u>	<u>35,808,580</u>
54,436,782	42,133,982	12,302,800
6,641,198	6,641,198	
1,779,116	1,779,116	
<u>62,857,096</u>	<u>50,554,296</u>	<u>12,302,800</u>
<u>(62,857,096)</u>	<u>(14,745,716)</u>	<u>48,111,380</u>
	29,822	29,822
	29,466,812	29,466,812
	<u>29,496,634</u>	<u>29,496,634</u>
<u>(62,857,096)</u>	<u>14,750,918</u>	<u>77,608,014</u>
	(1,867,723)	(1,867,723)
<u>\$ (62,857,096)</u>	<u>\$ 12,883,195</u>	<u>\$ 75,740,291</u>

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INTERNAL SERVICE FUNDS

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Employee Benefit Trust	Workers' Compensation Trust	Totals
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 27,989,199	\$ 5,134,015	\$ 33,123,214
Due from other funds	2,179,886		2,179,886
Total current assets	30,169,085	5,134,015	35,303,100
Total assets	30,169,085	5,134,015	35,303,100
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	26,441		26,441
Claims payable	3,655,656	1,766,142	5,421,798
Total current liabilities	3,682,097	1,766,142	5,448,239
Noncurrent liabilities:			
Claims payable		2,422,110	2,422,110
Total noncurrent liabilities		2,422,110	2,422,110
Total liabilities	3,682,097	4,188,252	7,870,349
<u>NET POSITION</u>			
Unrestricted	26,486,988	945,763	27,432,751
Total net position	\$ 26,486,988	\$ 945,763	\$ 27,432,751

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, 2015

	<u>Employee Benefit Trust</u>	<u>Workers' Compensation Trust</u>	<u>Totals</u>
Operating revenues:			
Contributions	\$ 26,687,739	\$	\$ 26,687,739
Other	<u>277,465</u>		<u>277,465</u>
Total operating revenues	<u>26,965,204</u>		<u>26,965,204</u>
Operating expenses:			
Claims	23,079,584	(1,018,994)	22,060,590
Premiums	1,288,153	1,565,575	2,853,728
Administrative fees	1,539,466	101,000	1,640,466
Other		58,899	58,899
Total operating expenses	<u>25,907,203</u>	<u>706,480</u>	<u>26,613,683</u>
Operating income (loss)	<u>1,058,001</u>	<u>(706,480)</u>	<u>351,521</u>
Nonoperating revenues (expenses):			
Investment income	197,596	171,147	368,743
Total nonoperating revenues (expenses)	<u>197,596</u>	<u>171,147</u>	<u>368,743</u>
Changes in net position	<u>1,255,597</u>	<u>(535,333)</u>	<u>720,264</u>
Total net position, beginning of year	25,231,391	1,481,096	26,712,487
Total net position, end of year	<u>\$ 26,486,988</u>	<u>\$ 945,763</u>	<u>\$ 27,432,751</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Employee Benefit Trust</u>	<u>Workers' Compensation Trust</u>	<u>Totals</u>
<u>Decrease in Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from contributions	\$ 24,507,853	\$	\$ 24,507,853
Cash payments for claims	(22,720,419)	(1,817,671)	(24,538,090)
Cash payments to suppliers for goods and services	(2,801,178)	(1,809,507)	(4,610,685)
Net cash used for operating activities	<u>(1,013,744)</u>	<u>(3,627,178)</u>	<u>(4,640,922)</u>
Cash flows from investing activities:			
Investment income	197,596	171,147	368,743
Net cash provided by investing activities	<u>197,596</u>	<u>171,147</u>	<u>368,743</u>
Net decrease in cash and cash equivalents	<u>(816,148)</u>	<u>(3,456,031)</u>	<u>(4,272,179)</u>
Cash and cash equivalents, beginning of year	<u>28,805,347</u>	<u>8,590,046</u>	<u>37,395,393</u>
Cash and cash equivalents, end of year	<u>\$ 27,989,199</u>	<u>\$ 5,134,015</u>	<u>\$ 33,123,214</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</u>			
Operating income (loss)	\$ 1,058,001	\$ (706,480)	\$ 351,521
Changes in assets and liabilities:			
Increase in due from other funds	(2,179,886)		(2,179,886)
Decrease in prepaid items		36,665	36,665
Increase (decrease) in accounts payable	26,441	(120,698)	(94,257)
Increase (decrease) in claims payable	81,700	(2,836,665)	(2,754,965)
Total adjustments	<u>(2,071,745)</u>	<u>(2,920,698)</u>	<u>(4,992,443)</u>
Net cash used by operating activities	<u>\$ (1,013,744)</u>	<u>\$ (3,627,178)</u>	<u>\$ (4,640,922)</u>

AGENCY FUNDS

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

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 2,003,564	\$ 5,943,930	\$ 7,947,494
Total assets	\$ 2,003,564	\$ 5,943,930	\$ 7,947,494
 <u>LIABILITIES</u>			
Deposits held for others	\$	\$ 3,764,044	\$ 3,764,044
Due to other funds		2,179,886	2,179,886
Due to student groups	2,003,564		2,003,564
Total liabilities	\$ 2,003,564	\$ 5,943,930	\$ 7,947,494

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>1,923,780</u>	\$ <u>1,543,884</u>	\$ <u>1,464,100</u>	\$ <u>2,003,564</u>
Total assets	\$ <u>1,923,780</u>	\$ <u>1,543,884</u>	\$ <u>1,464,100</u>	\$ <u>2,003,564</u>
<u>Liabilities</u>				
Due to student groups	\$ <u>1,923,780</u>	\$ <u>1,543,884</u>	\$ <u>1,464,100</u>	\$ <u>2,003,564</u>
Total liabilities	\$ <u>1,923,780</u>	\$ <u>1,543,884</u>	\$ <u>1,464,100</u>	\$ <u>2,003,564</u>
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>7,132,274</u>	\$ <u>33,299,479</u>	\$ <u>34,487,823</u>	\$ <u>5,943,930</u>
Total assets	\$ <u>7,132,274</u>	\$ <u>33,299,479</u>	\$ <u>34,487,823</u>	\$ <u>5,943,930</u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>7,132,274</u>	\$ <u>31,119,593</u>	\$ <u>34,487,823</u>	\$ <u>3,764,044</u>
Due to other funds	<u>2,179,886</u>	<u>2,179,886</u>	<u>2,179,886</u>	<u>2,179,886</u>
Total liabilities	\$ <u>7,132,274</u>	\$ <u>33,299,479</u>	\$ <u>34,487,823</u>	\$ <u>5,943,930</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ <u>9,056,054</u>	\$ <u>34,843,363</u>	\$ <u>35,951,923</u>	\$ <u>7,947,494</u>
Total assets	\$ <u>9,056,054</u>	\$ <u>34,843,363</u>	\$ <u>35,951,923</u>	\$ <u>7,947,494</u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>7,132,274</u>	\$ <u>31,119,593</u>	\$ <u>34,487,823</u>	\$ <u>3,764,044</u>
Due to other funds	<u>2,179,886</u>	<u>2,179,886</u>	<u>2,179,886</u>	<u>2,179,886</u>
Due to student groups	<u>1,923,780</u>	<u>1,543,884</u>	<u>1,464,100</u>	<u>2,003,564</u>
Total liabilities	\$ <u>9,056,054</u>	\$ <u>34,843,363</u>	\$ <u>35,951,923</u>	\$ <u>7,947,494</u>

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STATISTICAL SECTION



Tucson Unified is where
Students love to **L**earn
Teachers love to **t**each
and People love **v**e to Work
We are **e** Team 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.

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Position:					
Net investment in capital assets	\$ 483,557,940	\$ 478,823,950	\$ 478,208,141	\$ 453,090,065	\$ 434,745,660
Restricted	51,883,159	36,973,962	38,076,040	50,858,186	65,412,105
Unrestricted	<u>(401,875,725)</u>	<u>57,072,295</u>	<u>39,993,726</u>	<u>48,723,218</u>	<u>44,383,800</u>
Total net position	<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><u>\$ 544,541,565</u></u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Position:					
Net investment in capital assets	\$ 408,491,273	\$ 395,715,727	\$ 369,666,112	\$ 342,578,365	\$ 321,173,539
Restricted	17,714,726	28,815,960	38,421,018	40,078,833	29,155,575
Unrestricted	<u>63,439,513</u>	<u>19,851,658</u>	<u>34,427,961</u>	<u>25,250,544</u>	<u>17,198,050</u>
Total net position	<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>	<u><u>\$ 367,527,164</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Instruction	\$ 203,639,013	\$ 213,899,377	\$ 224,302,136	\$ 237,543,995	\$ 232,454,534
Support services - students and staff	58,847,288	64,945,835	69,035,667	72,454,063	70,371,615
Support services - administration	42,670,490	42,732,507	44,610,584	43,723,616	42,737,361
Operation and maintenance of plant services	51,097,685	49,866,704	55,716,491	56,498,727	56,053,302
Student transportation services	24,594,918	25,895,104	26,338,473	26,634,890	23,345,392
Operation of non-instructional services	24,786,616	22,647,923	21,534,017	21,981,761	18,430,745
Interest on long-term debt	11,501,715	11,640,250	13,064,629	13,936,906	15,517,905
Total expenses	<u>417,137,725</u>	<u>431,627,700</u>	<u>454,601,997</u>	<u>472,773,958</u>	<u>458,910,854</u>
Program Revenues					
Charges for services:					
Instruction	7,212,949	5,875,912	5,706,176	6,384,061	3,293,113
Operation of non-instructional services	3,436,318	3,395,327	3,110,765	2,739,728	3,204,525
Other activities	1,342,188	1,023,287	604,562	696,167	668,536
Operating grants and contributions	62,655,672	64,756,379	70,030,026	83,827,648	87,020,303
Capital grants and contributions	4,430,655	6,645,889	3,735,347	4,669,887	3,347,591
Total program revenues	<u>79,077,782</u>	<u>81,696,794</u>	<u>83,186,876</u>	<u>98,317,491</u>	<u>97,534,068</u>
Net (Expense)/Revenue	<u>\$ (338,059,943)</u>	<u>\$ (349,930,906)</u>	<u>\$ (371,415,121)</u>	<u>\$ (374,456,467)</u>	<u>\$ (361,376,786)</u>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses					
Instruction	\$ 249,555,054	\$ 274,064,584	\$ 277,859,085	\$ 265,531,648	\$ 264,382,773
Support services - students and staff	68,096,321	73,312,642	77,635,780	68,928,241	64,598,405
Support services - administration	40,736,506	42,115,765	47,148,478	47,831,765	50,069,751
Operation and maintenance of plant services	55,307,716	57,068,774	57,591,997	54,554,170	52,150,567
Student transportation services	24,061,246	23,266,202	26,331,263	23,142,644	22,962,146
Operation of non-instructional services	18,992,991	19,192,468	18,759,077	21,506,993	21,006,594
Interest on long-term debt	14,045,722	14,868,122	14,047,689	13,493,610	14,529,371
Total expenses	<u>470,795,556</u>	<u>503,888,557</u>	<u>519,373,369</u>	<u>494,989,071</u>	<u>489,699,607</u>
Program Revenues					
Charges for services:					
Instruction	12,652,780	8,452,639	8,162,423	3,706,972	5,870,449
Operation of non-instructional services	3,640,047	4,222,326	4,615,045	7,620,078	7,020,158
Other activities	897,087	915,321	813,792	3,345,738	2,502,327
Operating grants and contributions	77,282,861	66,930,683	69,575,109	63,854,736	70,429,617
Capital grants and contributions	5,455,281	1,675,625	3,207,618	2,006,641	7,063,084
Total program revenues	<u>99,928,056</u>	<u>82,196,594</u>	<u>86,373,987</u>	<u>80,534,165</u>	<u>92,885,635</u>
Net (Expense)/Revenue	<u>\$ (370,867,500)</u>	<u>\$ (421,691,963)</u>	<u>\$ (432,999,382)</u>	<u>\$ (414,454,906)</u>	<u>\$ (396,813,972)</u>

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

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net (Expense)/Revenue	\$ (338,059,943)	\$ (349,930,906)	\$ (371,415,121)	\$ (374,456,467)	\$ (361,376,786)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	142,745,273	151,093,018	164,258,242	155,769,383	122,512,450
Property taxes, levied for debt service	21,151,962	42,704,992	39,875,831	50,749,259	46,598,982
Property taxes, levied for capital outlay	18,421,667	2,782,396	6,463,393	2,156,401	25,031,169
Investment income	530,244	352,847	740,367	675,595	817,368
Unrestricted county aid	13,033,210	14,097,314	14,372,495	13,918,868	12,889,153
Unrestricted state aid	164,102,726	152,463,686	146,611,426	158,195,164	190,988,261
Unrestricted federal aid	2,158,284	3,028,953	2,699,805	1,121,701	3,657,865
Total general revenues	<u>362,143,366</u>	<u>366,523,206</u>	<u>375,021,559</u>	<u>382,586,371</u>	<u>402,495,248</u>
Changes in Net Position	<u>\$ 24,083,423</u>	<u>\$ 16,592,300</u>	<u>\$ 3,606,438</u>	<u>\$ 8,129,904</u>	<u>\$ 41,118,462</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (Expense)/Revenue	\$ (370,867,500)	\$ (421,691,963)	\$ (432,999,382)	\$ (414,454,906)	\$ (396,813,972)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	142,759,522	131,633,343	134,956,549	131,350,704	125,983,872
Property taxes, levied for debt service	44,806,399	46,393,710	43,991,425	41,675,953	38,347,656
Property taxes, levied for capital outlay	378,741	12,258,603	9,719,093	7,349,019	9,247,617
Investment income	1,099,217	2,134,966	5,312,571	5,823,418	3,943,813
Unrestricted county aid	12,191,663	141,544		137,385	11,247,933
Unrestricted state aid	202,282,511	229,617,096	272,140,866	267,218,685	236,389,038
Unrestricted federal aid	21,611,614	1,380,955	1,486,227	1,280,320	1,387,478
Total general revenues	<u>425,129,667</u>	<u>423,560,217</u>	<u>467,606,731</u>	<u>454,835,484</u>	<u>426,547,407</u>
Changes in Net Position	<u>\$ 54,262,167</u>	<u>\$ 1,868,254</u>	<u>\$ 34,607,349</u>	<u>\$ 40,380,578</u>	<u>\$ 29,733,435</u>

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

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

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nondisposable	\$ 1,568,190	\$ 1,401,642	\$ 1,354,618	\$ 1,696,474	\$ 2,516,592
Unassigned	27,952,038	30,539,900	31,111,961	44,949,267	41,673,112
Total General Fund	<u>\$ 29,520,228</u>	<u>\$ 31,941,542</u>	<u>\$ 32,466,579</u>	<u>\$ 46,645,741</u>	<u>\$ 44,189,704</u>
All Other Governmental Funds:					
Nondisposable	\$ 777,502	\$ 928,999	\$ 1,203,182	\$ 1,192,659	\$ 1,151,571
Restricted	47,643,989	33,487,783	47,338,139	91,678,314	130,932,893
Committed	1,039,083	910,868	747,383	697,442	1,840,152
Unassigned	(23,760)	(2,825,169)	(32,372)	(112)	(22,815)
Total all other governmental funds	<u>\$ 49,436,814</u>	<u>\$ 32,502,481</u>	<u>\$ 49,256,332</u>	<u>\$ 93,568,303</u>	<u>\$ 133,901,801</u>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:					
Reserved	\$ 18,561,991	\$ 2,473,779	\$ 2,156,886	\$ 1,887,451	\$ 1,875,819
Unreserved	24,431,693	10,247,050	17,065,201	10,979,393	13,255,134
Total General Fund	<u>\$ 42,993,684</u>	<u>\$ 12,720,829</u>	<u>\$ 19,222,087</u>	<u>\$ 12,866,844</u>	<u>\$ 15,130,953</u>
All Other Governmental Funds:					
Reserved	\$ 456,094	\$ 448,178	\$ 457,812	\$ 291,620	\$ 428,577
Unreserved, reported in:					
Special revenue funds	35,070,776	27,647,952	26,442,348	19,375,714	17,849,207
Capital projects funds	45,131,394	71,961,823	62,315,116	61,188,523	59,605,564
Debt service fund	12,084,405	10,952,462	9,308,507	10,602,874	8,015,570
Total all other governmental funds	<u>\$ 92,742,669</u>	<u>\$ 111,010,415</u>	<u>\$ 98,523,783</u>	<u>\$ 91,458,731</u>	<u>\$ 85,898,918</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Federal sources:					
Federal grants	\$ 42,860,201	\$ 49,697,352	\$ 51,441,832	\$ 60,941,360	\$ 60,810,964
State Fiscal Stabilization (ARRA)					2,291,978
Education Jobs				4,322,415	6,258,984
Impact Aid	728,590	676,045	1,206,125	1,121,701	1,365,887
National School Lunch Program	18,181,402	18,011,161	17,567,092	17,017,815	16,473,993
Interest Subsidy	2,365,903	1,257,444	1,296,061	1,355,003	1,306,073
Total federal sources	<u>64,136,096</u>	<u>69,642,002</u>	<u>71,511,110</u>	<u>84,758,294</u>	<u>88,507,879</u>
State sources:					
State equalization assistance	143,771,604	132,185,366	128,594,364	142,586,526	177,289,785
State grants	548,195	997,741	1,838,710	1,004,308	1,605,563
School Facilities Board	726,400				
Other revenues	20,331,122	20,277,532	17,285,416	15,835,725	14,668,319
Total state sources	<u>165,377,321</u>	<u>153,460,639</u>	<u>147,718,490</u>	<u>159,426,559</u>	<u>193,563,667</u>
Local sources:					
Property taxes	184,034,798	195,388,011	209,545,368	210,099,111	189,258,948
County aid	13,033,210	14,097,314	14,372,495	13,918,868	12,889,153
Food service sales	1,909,739	2,003,028	2,200,959	2,122,437	2,438,926
Investment income	164,796	187,195	421,413	461,420	611,420
Other revenues	14,242,254	12,882,717	11,731,552	12,108,138	9,117,882
Total local sources	<u>213,384,797</u>	<u>224,558,265</u>	<u>238,271,787</u>	<u>238,709,974</u>	<u>214,316,329</u>
Total revenues	<u>\$ 442,898,214</u>	<u>\$ 447,660,906</u>	<u>\$ 457,501,387</u>	<u>\$ 482,894,827</u>	<u>\$ 496,387,875</u>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Federal sources:					
Federal grants	\$ 58,543,843	\$ 42,041,772	\$ 47,992,922	\$ 48,403,958	\$ 55,723,235
State Fiscal Stabilization (ARRA)	20,594,948				
Impact Aid	1,016,666	1,380,955	1,486,227	1,280,320	1,387,478
National School Lunch Program	16,871,966	16,574,952	14,483,896	13,845,552	13,444,312
Total federal sources	<u>97,027,423</u>	<u>59,997,679</u>	<u>63,963,045</u>	<u>63,529,830</u>	<u>70,555,025</u>
State sources:					
State equalization assistance	185,038,264	211,483,789	235,738,168	222,947,284	200,066,485
State grants	3,291,113	5,422,104	6,076,613	3,611,867	4,310,412
School Facilities Board			4,654,792	17,861,491	7,759,135
Other revenues	16,048,443	19,775,662	30,737,345	26,409,910	27,931,624
Total state sources	<u>204,377,820</u>	<u>236,681,555</u>	<u>277,206,918</u>	<u>270,830,552</u>	<u>240,067,656</u>
Local sources:					
Property taxes	187,598,121	189,705,780	186,860,498	179,961,642	174,636,609
County aid	12,191,663	279,544		187,229	11,395,675
Food service sales	2,841,522	3,384,150	3,720,714	3,844,651	3,866,733
Investment income	924,187	1,868,172	5,066,837	5,479,445	3,761,472
Other revenues	19,243,985	17,424,953	17,870,809	10,778,293	11,378,459
Total local sources	<u>222,799,478</u>	<u>212,662,599</u>	<u>213,518,858</u>	<u>200,251,260</u>	<u>205,038,948</u>
Total revenues	<u>\$ 524,204,721</u>	<u>\$ 509,341,833</u>	<u>\$ 554,688,821</u>	<u>\$ 534,611,642</u>	<u>\$ 515,661,629</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures:					
Current -					
Instruction	\$ 179,021,232	\$ 182,170,194	\$ 200,508,623	\$ 207,817,232	\$ 204,760,085
Support services - students and staff	59,835,214	62,928,162	68,401,474	70,581,454	68,796,953
Support services - administration	42,079,368	40,912,970	42,935,792	41,370,788	40,360,497
Operation and maintenance of plant services	51,388,778	49,228,361	55,277,056	55,159,807	56,678,876
Student transportation services	22,151,830	22,626,196	23,676,242	23,454,160	22,241,973
Operation of non-instructional services	24,817,964	22,569,839	21,348,952	21,642,746	18,585,569
Capital outlay	46,900,850	45,330,412	57,417,569	56,698,083	52,393,932
Debt service -					
Interest and fiscal charges	11,740,160	11,720,671	13,086,907	13,959,184	15,555,722
Principal retirement	22,786,648	47,239,231	40,583,291	40,909,199	34,649,692
Bond issuance costs				441,705	776,763
Total expenditures	<u>\$ 460,722,044</u>	<u>\$ 484,726,036</u>	<u>\$ 523,235,906</u>	<u>\$ 532,034,358</u>	<u>\$ 514,800,062</u>
 Expenditures for capitalized assets	 \$ 30,927,097	 \$ 27,849,032	 \$ 47,461,655	 \$ 33,205,672	 \$ 43,314,099
 Debt service as a percentage of noncapital expenditures	 8%	 13%	 11%	 11%	 11%

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenditures:					
Current -					
Instruction	\$ 230,202,146	\$ 234,931,349	\$ 240,042,909	\$ 236,770,040	\$ 235,893,712
Support services - students and staff	69,436,330	72,736,897	74,974,896	68,047,068	64,877,261
Support services - administration	40,324,873	40,973,334	44,211,988	47,934,273	46,574,968
Operation and maintenance of plant services	55,338,511	56,234,094	53,611,181	52,330,014	50,036,858
Student transportation services	23,193,120	21,568,722	24,300,043	21,978,854	22,051,935
Operation of non-instructional services	18,770,777	19,167,046	21,740,678	21,162,973	20,261,039
Capital outlay	51,201,278	66,818,229	84,056,213	49,407,315	47,570,444
Debt service -					
Claims and Judgements		1,916,877			
Interest and fiscal charges	14,079,089	15,205,476	14,081,326	13,524,715	14,544,911
Principal retirement	33,004,537	32,461,174	34,976,055	31,195,352	26,054,091
Bond issuance costs		762,221	367,959	147,702	676,749
Total expenditures	<u>\$ 535,550,661</u>	<u>\$ 562,775,419</u>	<u>\$ 592,363,248</u>	<u>\$ 542,498,306</u>	<u>\$ 528,541,968</u>
Expenditures for capitalized assets	\$ 34,878,196	\$ 44,654,742	\$ 58,186,989	\$ 27,741,175	\$ 27,151,850
Debt service as a percentage of noncapital expenditures	9%	10%	9%	9%	8%

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Excess (deficiency) of revenues over expenditures	\$ (17,823,830)	\$ (37,065,130)	\$ (65,734,519)	\$ (49,139,531)	\$ (18,412,187)
Other financing sources (uses):					
Issuance of school improvement bonds					74,000,000
Refunding bonds issued				51,000,000	45,900,000
Premium on sale of bonds				3,738,599	5,038,940
Proceeds from sale of capital assets			48,617	101,083	1,728,172
Capital lease agreements	32,321,798	19,425,678	7,526,101	11,525,165	
Transfers in	1,752,693	6,777,058	3,273,496	1,904,315	2,761,892
Transfers out	(1,752,693)	(6,777,058)	(3,273,496)	(1,904,315)	(2,761,892)
Payment to refunded bond escrow agent			.	(54,314,359)	(49,962,127)
Total other financing sources (uses)	<u>32,321,798</u>	<u>19,425,678</u>	<u>7,574,718</u>	<u>12,050,488</u>	<u>76,704,985</u>
Changes in fund balances	<u>\$ 14,497,968</u>	<u>\$ (17,639,452)</u>	<u>\$ (58,159,801)</u>	<u>\$ (37,089,043)</u>	<u>\$ 58,292,798</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Excess (deficiency) of revenues over expenditures	\$ (11,345,940)	\$ (53,433,586)	\$ (37,674,427)	\$ (7,886,664)	\$ (12,880,339)
Other financing sources (uses):					
Issuance of school improvement bonds		57,000,000	47,000,000	10,000,000	
Refunding bonds issued					47,825,000
Premium on sale of bonds		1,066,478	706,670	163,267	1,852,588
Capital lease agreements	7,254,921	1,045,221	2,952,425	1,144,426	720,533
Transfers in	3,228,393	12,001,930	4,505,961	3,008,303	3,775,378
Transfers out	(3,228,393)	(12,001,930)	(4,505,961)	(3,008,303)	(3,775,378)
Payment to refunded bond escrow agent					(49,000,839)
Total other financing sources (uses)	<u>7,254,921</u>	<u>59,111,699</u>	<u>50,659,095</u>	<u>11,307,693</u>	<u>1,397,282</u>
Changes in fund balances	<u>\$ (4,091,019)</u>	<u>\$ 5,678,113</u>	<u>\$ 12,984,668</u>	<u>\$ 3,421,029</u>	<u>\$ (11,483,057)</u>

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 1,010,697,174	\$ 1,019,451,977	\$ 1,081,215,033	\$ 1,074,355,352	\$ 1,090,965,347
Agricultural and Vacant	111,852,863	114,927,549	118,498,381	112,720,592	114,484,305
Residential (Owner Occupied)	1,251,339,919	1,336,979,464	1,477,013,301	1,636,106,002	1,861,033,185
Residential (Rental)	594,632,374	499,869,993	507,897,672	478,805,500	508,578,926
Railroad, Private Cars and Airlines	2,663,090	2,363,569	2,303,761	2,023,840	2,014,148
Historical Property	30,462,610	28,785,354	28,965,566	29,071,310	29,884,448
Certain Government Property Improvements	6,156	19,506	20,701	78,131	
Total	\$ 3,001,654,186	\$ 3,002,397,412	\$ 3,215,914,415	\$ 3,333,160,727	\$ 3,606,960,359
Estimated Actual Value (Full Cash Value)	\$ 30,721,019,556	\$ 30,260,270,212	\$ 31,603,025,006	\$ 32,819,636,555	\$ 35,625,457,918
Ratio of Primary Assessed Value to Estimated Actual Value	9.77%	9.92%	10.18%	10.16%	10.12%
Total Direct Rate	\$ 7.51	\$ 7.43	\$ 7.32	\$ 6.95	\$ 6.30

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 1,077,748,252	\$ 1,050,177,813	\$ 1,272,775,479	\$ 954,186,784	\$ 918,011,099
Agricultural and Vacant	106,372,665	103,609,679	80,675,702	81,493,204	75,640,233
Residential (Owner Occupied)	1,891,325,577	1,746,892,589	1,323,022,003	1,409,403,762	1,280,370,028
Residential (Rental)	479,696,735	428,515,359	432,497,621	326,893,876	289,545,477
Railroad, Private Cars and Airlines	2,084,546	2,398,360	3,187,093	3,041,651	2,824,127
Historical Property	26,118,631	22,935,741	21,151,850	15,994,978	13,473,376
Certain Government Property Improvements					
Total	\$ 3,583,346,406	\$ 3,354,529,541	\$ 3,133,309,748	\$ 2,791,014,255	\$ 2,579,864,340
Estimated Actual Value (Full Cash Value)	\$ 36,172,563,620	\$ 34,951,711,743	\$ 30,190,092,265	\$ 25,679,006,897	\$ 22,663,244,357
Ratio of Primary Value to Estimated Actual Value	9.91%	9.60%	10.38%	10.87%	11.38%
Total Direct Rate	\$ 6.07	\$ 6.57	\$ 7.05	\$ 7.38	\$ 7.88

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

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 1,025,364,280	\$ 1,036,430,609	\$ 1,114,174,075	\$ 1,124,168,415	\$ 1,188,354,335
Agricultural and Vacant	114,157,316	119,316,810	126,790,265	124,964,505	139,480,103
Residential (Owner Occupied)	1,254,450,188	1,337,932,939	1,478,192,168	1,640,031,268	1,887,895,526
Residential (Rental)	601,425,570	503,614,469	512,387,222	483,574,300	531,796,567
Railroad, Private Cars and Airlines	2,688,000	2,385,858	2,347,426	2,258,002	2,404,131
Historical Property	30,607,284	29,656,219	30,404,234	30,856,368	34,061,136
Certain Government Property Improvements	6,156	19,506	21,389	81,418	
Total	\$ 3,028,698,794	\$ 3,029,356,410	\$ 3,264,316,779	\$ 3,405,934,276	\$ 3,783,991,798
Ratio of Secondary Assessed Value to Estimated Actual Value	9.86%	10.01%	10.33%	10.38%	10.62%
Total Direct Rate	\$ 7.51	\$ 7.43	\$ 7.32	\$ 6.95	\$ 6.30

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 1,221,801,653	\$ 1,143,811,906	\$ 1,118,258,896	\$ 1,017,153,529	\$ 935,574,986
Agricultural and Vacant	143,744,584	145,829,986	115,601,397	102,639,623	89,038,921
Residential (Owner Occupied)	2,032,583,387	2,050,227,168	1,753,984,903	1,463,132,747	1,306,451,685
Residential (Rental)	537,352,863	511,313,599	429,891,517	357,377,327	310,312,738
Railroad, Private Cars and Airlines	2,458,899	2,704,690	2,842,410	3,219,265	3,092,749
Historical Property	32,305,977	32,162,664	23,244,874	17,852,388	14,667,025
Certain Government Property Improvements					
Total	\$ 3,970,247,363	\$ 3,886,050,013	\$ 3,443,823,997	\$ 2,961,374,879	\$ 2,659,138,104
Ratio of Secondary Assessed Value to Estimated Actual Value	10.98%	11.12%	11.41%	11.53%	11.73%
Total Direct Rate	\$ 6.07	\$ 6.57	\$ 7.05	\$ 7.38	\$ 7.88

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

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	19 %	20 %	20 %	20 %	21 %
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	16	15	15	15	17

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	22 %	23 %	24 %	25 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	18	20	21	22	21

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

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

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

Fiscal Year Ended June 30	Overlapping Rates										District Direct Rates		
	State	County	County	Flood	Community	Fire	Central	City of	City of				
	Equalization	County	Free Library	Control District	College District	District Assistance	Arizona Water	Tucson	South Tucson	Primary	Secondary	Total	
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	0.43	4.20	0.35	0.26	1.11	0.04	0.10	1.16	2.66	5.47	1.48	6.95	
2011	0.00	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	
2006	0.00	4.79	0.26	0.37	1.31	0.04	0.12	1.24	0.24	6.43	1.45	7.88	

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>2015</u>		<u>2006</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Unisource Energy Corporation	\$ 60,340,168	1.99 %	\$	%
Century Link, Inc.	21,603,144	0.71		
Southwest Gas Corporation	20,610,043	0.68	29,250,519	1.10
Starr Pass Resort Developments LLC	10,916,448	0.36		
Wal-Mart Stores, Inc.	9,230,408	0.30		
WC Partners et al (Williams Center)	8,615,653	0.28	6,913,759	0.26
Verizon Wireless	7,665,248	0.25		
El Con Shopping Center	7,363,976	0.24	9,306,983	0.35
AT&T Telecommunications, Inc.	6,515,940	0.22	5,052,362	0.19
Park Place Shopping Center	6,287,186	0.21	15,954,829	0.60
Marshall Foundation	4,691,054	0.15	6,381,931	0.24
Brown Garold C Family LP	4,421,437	0.15		
TMC Holdings Inc	4,369,376	0.14		
Tucson Electric Power Company			8,509,242	0.32
Qwest Communications			6,381,931	0.24
HUB Properties			41,216,641	1.55
TW Telecom of AZ LLC			58,766,952	2.21
Total	<u>\$ 172,630,081</u>	<u>5.70 %</u>	<u>\$ 187,735,149</u>	<u>7.06 %</u>

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 182,457,545	\$ 174,547,250	95.66 %	\$	\$ 174,547,250	95.66 %
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	8,247,300	179,579,261	99.85
2009	183,939,765	176,305,975	95.85	7,495,079	183,801,054	99.92
2008	180,563,077	173,169,013	95.90	7,359,867	180,528,880	99.98
2007	169,371,786	163,379,824	96.46	5,903,996	169,283,820	99.95
2006	165,175,823	159,509,446	96.57	5,573,831	165,083,277	99.94

Source: The source of this information is the 2015 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	
2015	\$ 190,064,802	\$ 3,760,236	\$ 186,304,566	0.61 %	\$ 352	\$ 47,666,652	\$ 237,731,454	0.77 %	\$ 449	N/A %	
2014	205,247,538	5,384,563	199,862,975	0.66	422	23,816,502	229,064,040	0.76	484	1.75	
2013	242,508,469	9,582,846	232,925,623	0.74	490	14,555,055	257,063,524	0.81	541	2.02	
2012	278,767,431	16,538,166	262,229,265	0.80	554	11,982,245	290,749,676	0.89	614	2.45	
2011	312,128,142	14,136,565	297,991,577	0.84	771	5,136,279	317,264,421	0.89	821	2.46	
2010	265,770,552	13,599,040	252,171,512	0.70	603	7,255,971	273,026,523	0.75	653	2.66	
2009	295,628,919	12,394,579	283,234,340	0.81	580	3,180,587	298,809,506	0.85	612	2.96	
2008	269,532,016	10,557,977	258,974,039	0.86	497	3,726,540	273,258,556	0.91	525	3.88	
2007	255,731,942	10,748,011	244,983,931	0.95	476	2,245,170	257,977,112	1.00	502	0.81	
2006	277,342,482	8,869,669	268,472,813	1.18	527	2,701,096	280,043,578	1.24	550	0.97	

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, 2015**

<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	\$ 416,006,000	40.99 %	\$ 170,520,859
Pima College District	1,355,000	40.16	544,168
City of Tucson	598,999,368	96.99	580,969,487
Subtotal, Overlapping Debt			<u>752,034,514</u>
Direct:			
Tucson Unified School District No. 1		100.00	<u>237,731,454</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 989,765,968</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Secondary Assessed Valuation		6.15 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,773	
As a Percentage of Net Secondary Assessed Valuation		30.98 %
As a Percentage of Estimated Actual Value (Full Cash Value)		3.05 %

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

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on the District's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2014 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 2015:

Secondary assessed valuation	\$ 3,028,698,794
Debt limit (20% of assessed value)	605,739,759
Debt applicable to limit	<u>183,665,000</u>
Legal debt margin	<u>\$ 422,074,759</u>

Total Legal Debt Margin Calculation for Fiscal Year 2015:

Secondary assessed valuation	\$ 3,028,698,794
Debt limit (30% of assessed value)	908,609,638
Debt applicable to limit	<u>183,665,000</u>
Legal debt margin	<u>\$ 724,944,638</u>

Fiscal Year Ended June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 908,609,638	\$ 908,806,923	\$ 979,295,034	\$ 1,021,780,283	\$ 1,135,197,539
Total net debt applicable to limit	<u>183,665,000</u>	<u>197,970,000</u>	<u>235,045,000</u>	<u>270,675,000</u>	<u>306,905,000</u>
Legal debt margin	<u>\$ 724,944,638</u>	<u>\$ 710,836,923</u>	<u>\$ 744,250,034</u>	<u>\$ 751,105,283</u>	<u>\$ 828,292,539</u>
Total net debt applicable to the limit as a percentage of debt limit	20%	22%	24%	26%	27%

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 1,191,074,209	\$ 1,165,815,004	\$ 1,033,147,199	\$ 888,412,464	\$ 797,741,431
Total net debt applicable to limit	<u>265,260,000</u>	<u>295,085,000</u>	<u>268,955,000</u>	<u>255,460,000</u>	<u>275,055,000</u>
Legal debt margin	<u>\$ 925,814,209</u>	<u>\$ 870,730,004</u>	<u>\$ 764,192,199</u>	<u>\$ 632,952,464</u>	<u>\$ 522,686,431</u>
Total net debt applicable to the limit as a percentage of debt limit	22%	25%	26%	29%	34%

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>
2014	1,007,162	\$ N/A	\$ N/A	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
2005	957,635	28,973,089	28,869	4.6	509,626

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 2005 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2014, the source of the information is the Arizona Office of Employment and Population Statistics.

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

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
University of Arizona	11,047	2.63 %	10,282	2.46 %
Raytheon Missile Systems	9,933	2.37	10,756	2.57
State of Arizona	9,439	2.25	9,742	2.33
Davis Monthan AFB	8,933	2.13	8,233	1.97
Pima County	7,328	1.74	6,765	1.62
University of Arizona Health Network	6,329	1.51		
Fort Huachuca	5,717	1.36	13,098	3.13
Freeport-McMoran Mining	5,600	1.33		
Wal-Mart Stores, Inc.	5,200	1.24	4,980	1.19
City of Tucson	4,845	1.15	5,306	1.27
Tohono O'odham Nation	4,350	1.04		
US Border Patrol	4,135	0.98		
Carondelet Health Network	3,476	0.83	3,751	0.90
Tucson Medical Center	2,954	0.70		
Tucson Unified School District	5,751	1.37	7,623	1.82
Phelps Dodge Mining Co.			4,123	0.99
Total	<u>95,037</u>	<u>22.63 %</u>	<u>84,659</u>	<u>20.25 %</u>
Total employment	<u>420,000</u>		<u>418,111</u>	

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

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

	Full-time Equivalent Employees as of June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Supervisory					
Administrators	50	49	41	46	43
Principals	78	82	87	92	92
Assistant principals	42	43	55	48	44
Total supervisory	<u>170</u>	<u>174</u>	<u>183</u>	<u>186</u>	<u>179</u>
Instruction					
Teachers	2,454	2,536	2,764	2,845	2,854
Other professionals (instructional)	190	110	130	118	86
Aides	550	523	549	583	595
Total instruction	<u>3,194</u>	<u>3,169</u>	<u>3,443</u>	<u>3,546</u>	<u>3,535</u>
Student Services					
Nurses	40	41	41	45	34
Counselors/Advisors	75	71	84	57	72
Speech Clinicians	67	57	60	45	49
Librarians	10	14	34	23	25
Other	570	472	465	446	340
Total student services	<u>762</u>	<u>655</u>	<u>684</u>	<u>616</u>	<u>520</u>
Support and Administration					
Facilities Maintenance	241	155	189	201	196
Custodians	155	236	286	316	307
Bus Drivers/ Monitors	312	321	375	369	383
Food Service workers	185	189	181	194	203
Other classified	732	739	809	827	876
Total support and administration	<u>1,625</u>	<u>1,640</u>	<u>1,840</u>	<u>1,907</u>	<u>1,965</u>
Total	<u><u>5,751</u></u>	<u><u>5,638</u></u>	<u><u>6,150</u></u>	<u><u>6,255</u></u>	<u><u>6,199</u></u>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Supervisory					
Administrators	36	46	48	48	52
Principals	89	90	99	105	99
Assistant principals	51	67	72	68	69
Total supervisory	<u>176</u>	<u>203</u>	<u>219</u>	<u>221</u>	<u>220</u>
Instruction					
Teachers	3,068	3,291	3,406	3,397	3,374
Other professionals (instructional)	71	71	131	160	199
Aides	621	564	568	562	566
Total instruction	<u>3,760</u>	<u>3,926</u>	<u>4,105</u>	<u>4,119</u>	<u>4,139</u>
Student Services					
Nurses	47				
Counselors/Advisors	109				
Speech Clinicians	55				
Librarians	45	74	83	81	85
Other	372	767	713	750	775
Total student services	<u>628</u>	<u>841</u>	<u>796</u>	<u>831</u>	<u>860</u>
Support and Administration					
Facilities Maintenance	195				
Custodians	325	333	323	333	341
Bus Drivers/ Monitors	391	466	473	409	456
Food Service workers	218	253	255	263	272
Other classified	826	977	1,036	1,037	1,033
Total support and administration	<u>1,955</u>	<u>2,029</u>	<u>2,087</u>	<u>2,042</u>	<u>2,102</u>
Total	<u><u>6,519</u></u>	<u><u>6,999</u></u>	<u><u>7,207</u></u>	<u><u>7,213</u></u>	<u><u>7,321</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
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	2.03	494,989,071	8,666	1.17	4,119	13.9	62.9
2006	57,168	439,695,773	7,691	0.31	489,699,607	8,566	6.29	4,139	13.8	57.5

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>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>2006</u>
<u>Schools</u>										
Elementary										
Buildings	519	519	519	596	579	579	579	579	476	476
Square feet	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	3,405,730
Capacity	31,600	31,600	31,600	36,490	32,370	32,370	32,370	31,620	34,810	34,810
Enrollment	22,619	22,619	22,619	23,231	28,231	28,231	28,231	29,413	30,210	28,707
Middle										
Buildings	126	126	126	126	120	120	120	120	106	106
Square feet	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	1,700,595
Capacity	20,850	20,850	20,850	20,850	14,115	14,115	14,115	14,115	15,091	15,091
Enrollment	12,816	12,816	12,816	13,448	12,092	12,092	12,092	12,486	12,979	13,777
High										
Buildings	118	118	118	118	110	110	110	110	106	106
Square feet	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	3,252,069
Capacity	21,575	21,575	21,575	21,575	18,670	18,670	18,670	18,670	17,970	17,970
Enrollment	14,404	14,404	14,404	14,647	16,790	16,790	16,790	16,010	16,123	17,004
Other										
Buildings	93	94	94	28	28	28	28	28	22	22
Square feet	428,082	453,143	453,143	113,288	113,288	113,288	113,288	113,288	118,608	118,608
Capacity	675	675	675	300	300	300	300	300	300	300
Enrollment	174	174	174	250	250	250	250	193	282	282
<u>Administrative</u>										
Buildings	91	91	90	89	89	89	89	89	88	88
Square feet	460,301	460,301	443,496	410,510	410,510	410,510	410,510	410,510	408,778	408,778

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

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TUCSON UNIFIED
SCHOOL DISTRICT

1010 E 10th Street • Tucson, Arizona 85719