

# TUSD

## Fiscal Status Update

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Chief Financial Officer

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- TUSD Challenges/Benefits
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- TUSD ADM History Comparison 40th/100th Day ADM
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- TUSD Budget Future Considerations/Next Steps

# Overview

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- Funding reductions
- Lack of appropriate funding
- Rising operating costs
- Cash Flow –State aid rollovers
- New Legislation/ballot initiatives
  - Subsequent law or regulation that complicates school district funding or budget preparation
- Declining Enrollment
- Reliance on one-time “fixes” to balance budget
- Reserve Balances
- Time/meet internal & statutory deadlines

## **Factors That Impact Fiscal Solvency**

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- FY2013-2014 Over-expenditure of \$5 Million
- FY2014-2015 Anticipated shortfall of \$15 Million
- Utilization of reserve funds \$14.7 Million

## **Financial Concerns Raised**

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- Two separate accounting systems = interface is very manually intensive making it difficult to provide timely data
- Budget process not optimal and timely
- Paper driven budget and accounting process - leads to poor and slow communication at all levels
- District has previously utilized “reserve funds” to balance Maintenance & Operations budget rather than spending uniformly amongst all funds throughout the year
- Unitary Status Plan compliance - burden shifting to Maintenance & Operations budget (overhead costs \$2M+)

# TUSD Challenges

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- Qualified and knowledgeable staff
- Good Internal Controls
  - Internal control gives us reasonable assurance that we are able to operate effectively, produce reliable financial data and maintain compliance with laws, regulations and policies. **Need to focus on efficiency to minimize time needed to complete tasks**
- Implementation of a new accounting system underway will increase efficiency in many accounting functions

## TUSD Benefits

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- ARS §15-904 requires school districts to prepare and submit an AFR, in electronic format, by October 15.
- The Auditor General in conjunction with ADE is required to prescribe the AFR format to be used by all school districts.
- Districts are required to upload all general ledger raw data to Arizona Auditor General's Office. Data is used to reconcile AFR reporting and compile Classroom Dollar Report.
- AFR Includes financial data for all funds at the closing of the fiscal year including:
  - Budget
  - Expenses
  - Revenues
  - Fund Balances
- AFR is audited as part of yearly audit process
- All district AFRs are available on the ADE website

# **Annual Financial Report**

<https://www.ade.az.gov/Budget/SubmittedFileStatus/SubmittedFileStatus.asp?EntityOwnerID=4403>



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E-Mail : [schoolfinance@azed.gov](mailto:schoolfinance@azed.gov)

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# ADE website AFR access



<b>Budget Controlled Funds</b>	<b>2013-2014 Revised Expenditure Budget</b>	<b>Total Expenditures</b>	<b>Budget Balance 6/30/2014</b>
M&O Regular Education	\$243,913,000	\$234,211,417	\$9,701,583
M&O Desegregation	\$60,711,047	\$60,711,047	\$0
DAA/Unrestricted Capital	\$22,070,439	\$17,703,709	\$4,366,730

# FY13-14 Budget/AFR

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<b>RESERVE FUNDS Used to Offset M&amp;O</b>	<b>Beginning Balance 07/01/2013</b>	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Ending Balance 6/30/2014</b>
Instructional Improvement	\$338,878	\$1,989,197	\$1,897,362	\$430,713
Classroom Site Fund-Base Pay	-\$9,462	\$3,663,161	\$2,753,281	\$900,419
Classroom Site Fund-Other	-\$20,925	\$7,327,364	\$6,292,627	\$1,013,812
Medicaid	\$990,200	\$2,402,319	\$92,429	\$3,300,090
Erate	\$2,682,468	\$3,769,359	\$3,497,890	\$2,953,937
Impact Aid	\$245,636	\$676,045	\$506,218	\$415,463
Civic Center	\$2,728,517	\$1,033,299	\$433,226	\$3,328,591
Indirect	\$7,778,895	\$2,475,813	\$1,962,390	\$8,292,318
<b>Total Reserve Funds</b>	<b>\$14,734,208</b>	<b>\$23,336,557</b>	<b>\$17,435,422</b>	<b>\$20,635,343</b>

# FY13-14 Budget/AFR

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<b>Funding Sources</b>	<b>2014 Budget</b>	<b>Expenditures</b>
Maintenance & Operation	\$243,913,000	\$234,211,419
M&O Desegregation	\$60,711,047	\$60,711,050
Classroom Site	\$24,607,838	\$12,899,971
District Additional Assistance	\$22,070,439	\$17,703,708
Food Services	\$23,000,000	\$18,809,686
Federal Grants	\$64,833,584	\$45,286,850
State Grants	\$1,110,000	\$996,954
Debt Service	\$48,400,000	\$48,199,915
Instructional Improvement	\$2,500,000	\$1,897,362
Other Funds	\$75,109,500	\$39,707,267
<b>Total</b>	<b>\$578,355,408</b>	<b>\$492,488,702</b>
Student Activities	\$0	\$1,593,043
<b>Total All funds</b>	<b>\$578,355,408</b>	<b>\$494,081,745</b>

# FY13-14 Budget/AFR

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FY 13-14 Expenses by Function		M& O	Deseg	Total All Funds
1000	Instructional	51.27%	38.49%	47.37%
2100	Support-Students	11.42%	12.59%	12.25%
2200	Support-Instructional	3.35%	9.59%	4.54%
2300/2500	Central Admin	2.83%	10.87%	6.03%
2400	School Admin	7.80%	0.04%	6.02%
2600	Operations	18.44%	10.11%	16.28%
2700	Transportation	4.89%	18.31%	7.51%

# FY13-14 Budget/AFR

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<b>Budget Controlled Funds</b>	<b>Prior Year Projected Carryover</b>	<b>2014-2015 Adopted Expenditure Budget</b>	<b>Projected Expenditures</b>	<b>Projected Budget Balance 6/30/2015</b>
M&O Regular Education	\$4,701,583	\$239,254,404	\$239,254,404	\$4,701,583
M&O Desegregation	\$5,000,000	\$60,711,047	\$65,711,047	\$0
DAA/Unrestricted Capital	\$4,366,730	\$13,246,328	\$13,246,328	\$4,366,730

# FY14-15 Current Budget

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<b>RESERVE FUNDS Used to Offset M&amp;O</b>	<b>Beginning Balance 07/01/2014</b>	<b>Projected Revenues</b>	<b>Projected Expenditures</b>	<b>Projected Ending Balance 6/30/2015</b>
Instructional Improvement	\$430,713	\$1,989,513	\$1,954,127	\$466,098
Classroom Site Fund-Base Pay	\$900,419	\$3,245,000	\$3,377,025	\$768,394
Classroom Site Fund-Other	\$1,013,812	\$6,490,000	\$6,754,050	\$749,762
Medicaid	\$3,300,090	\$1,452,256	\$1,649,925	\$3,102,421
Erate	\$2,953,937	\$2,835,000	\$5,658,189	\$130,748
Impact Aid	\$415,463	\$1,160,684	\$486,029	\$1,090,118
Civic Center	\$3,328,591	\$956,290	\$1,651,594	\$2,633,287
Indirect	\$8,292,318	\$2,529,789	\$5,220,055	\$5,602,052
<b>Total Reserve Funds</b>	<b>\$20,635,343</b>	<b>\$20,658,532</b>	<b>\$26,750,994</b>	<b>\$14,542,880</b>

# FY14-15 Current Budget

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Budget Year	Base Level Amount	CORL per Student P-8	CORL per Student 9-12	Soft Capital P-12	Total Funding Per Student P-8	Difference from prior year	Total Funding Per Student 9-12	Difference from prior year
FY99-00	\$2,615.78	\$225.76	\$337.62	\$225.00	\$3,066.54		\$3,178.40	
FY00-01	\$2,659.62	\$225.76	\$337.62	\$225.00	\$3,110.38	\$43.84	\$3,222.24	\$43.84
FY01-02	\$2,720.91	\$225.76	\$337.62	\$225.00	\$3,171.67	\$61.29	\$3,283.53	\$61.29
FY02-03	\$2,788.32	\$225.76	\$337.62	\$225.00	\$3,239.08	\$67.41	\$3,350.94	\$67.41
FY03-04	\$2,858.02	\$225.76	\$337.62	\$225.00	\$3,308.78	\$69.70	\$3,420.64	\$69.70
FY04-05	\$2,929.34	\$225.76	\$337.62	\$225.00	\$3,380.10	\$71.32	\$3,491.96	\$71.32
FY05-06	\$3,038.51	\$225.76	\$337.62	\$225.00	\$3,489.27	\$109.17	\$3,601.13	\$109.17
FY06-07	\$3,172.70	\$225.76	\$337.62	\$225.00	\$3,623.46	\$134.19	\$3,735.32	\$134.19
FY07-08	\$3,267.22	\$225.76	\$337.62	\$225.00	\$3,717.98	\$94.52	\$3,829.84	\$94.52
FY08-09	\$3,332.56	\$225.76	\$337.62	\$225.00	\$3,783.32	\$65.34	\$3,895.18	\$65.34
FY09-10	\$3,308.57	\$225.76	\$337.62	\$61.20	\$3,595.53	-\$187.79	\$3,707.39	-\$187.79
FY10-11	\$3,308.57	\$225.76	\$337.62	\$33.43	\$3,567.76	-\$27.77	\$3,679.62	-\$27.77
FY11-12	\$3,308.57	\$118.65	\$177.43	\$0.00	\$3,427.22	-\$140.54	\$3,486.00	-\$193.61
FY12-13	\$3,308.57	\$138.18	\$206.65	\$38.32	\$3,485.07	\$57.86	\$3,553.54	\$67.54
FY13-14	\$3,368.12	\$183.42	\$228.94	\$0.00	\$3,551.54	\$66.47	\$3,597.06	\$43.52
FY14-15	\$3,415.27	\$173.70	\$216.81	\$0.00	\$3,588.97	\$37.43	\$3,632.08	\$35.02

# AZ funding \$ per student

current funding is below the FY06-07 level / Highest funding year **FY08-09**

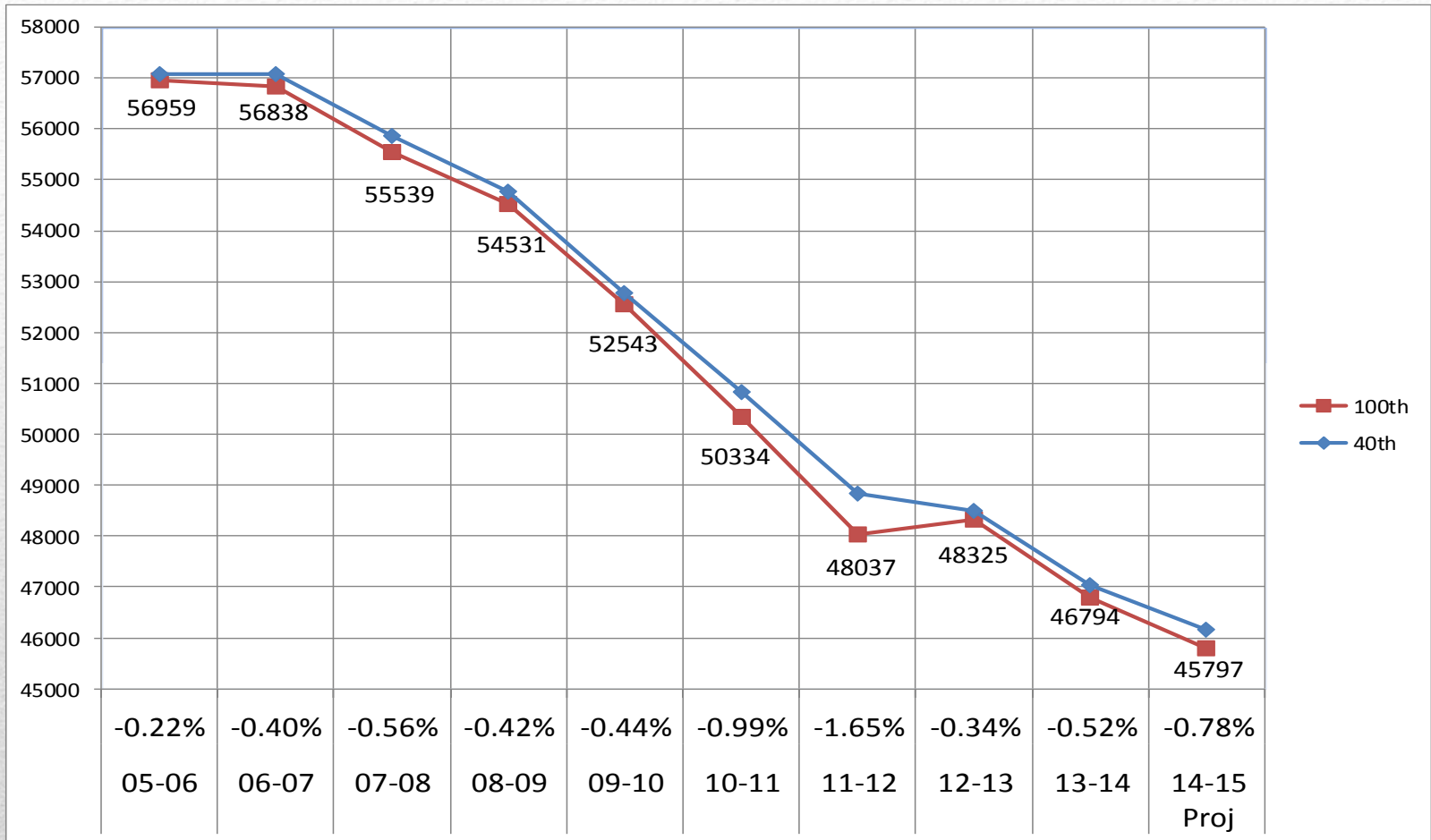
- Guaranteed 2% Per Year to Base Support Level or % Change In GDP Price Deflator whichever is less
- Language flaw / Increase base level or other components of the Revenue Control Limit
- Prop 301 Retroactive Funding?

<b>Year</b>	<b>Inflation</b>	<b>Increase to Base Support Level</b>
• FY 2011	0.9%	0
• FY 2012	1.3%	0
• FY 2013	2.0%	0
• FY 2014	1.8%	1.8%
• FY 2015	1.4%	1.4%

# AZ Funding Prop 301

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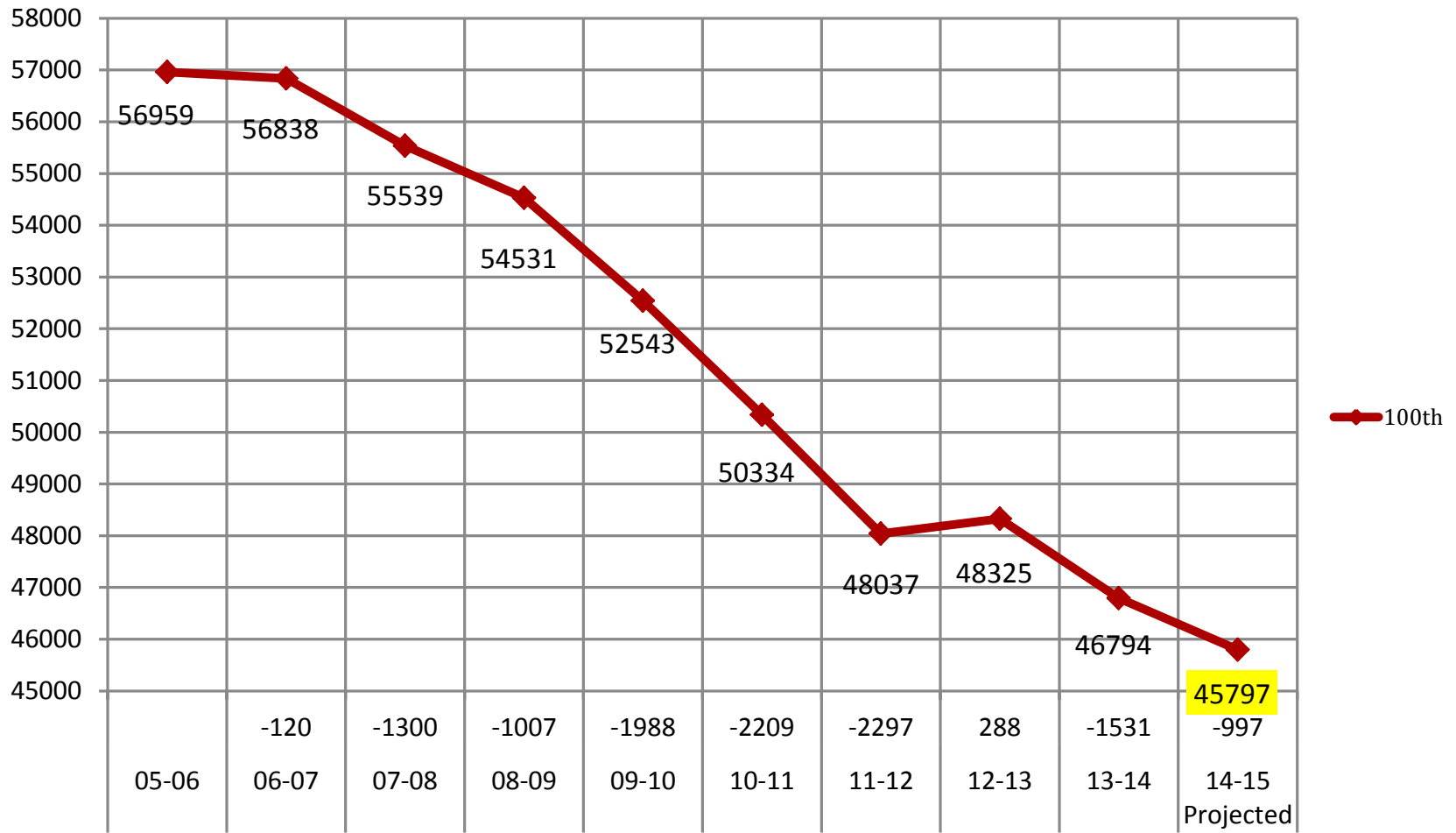




## TUSD ADM History Comparison 40<sup>th</sup>/100<sup>th</sup> Day ADM

40<sup>th</sup> day Data Source: ADMS 45-1 Detailed ADM Attending Count Report dated October 10, 2014

<http://www.ade.az.gov/Districts/ReportsData/ReportsData.asp>



## TUSD 100<sup>th</sup> Day ADM Yearly Comparison

- ❑ Base Level Increase 1.4% - **\$3,047,000**
- ❑ Declining ADM 997 students **-\$4,043,000**
- ❑ Budget Balance M&O Carry forward - **\$4,701,583**
- ❑ Budget Balance Unrestricted Capital - **\$4,366,000**
- ❑ Continued Reduction of DAA/Unrestricted Capital funding
- ❑ Prop 301 – Classroom Site Fund – Rate set by JLBC 3/31/2015

\*Projection Numbers based on 40<sup>th</sup> day ADM adjusted by **-.78%**  
Maintain M&O and Capital expenditures at current level

## TUSD FY15-16 Budget Projection

<b>Budget Controlled Funds</b>	<b>Prior Year Projected Carryover</b>	<b>2014-2015 Adopted Expenditure Budget</b>	<b>Projected Expenditures</b>	<b>Projected Budget Balance 6/30/2016</b>
<b>M&amp;O Regular Education</b>	\$4,701,583	\$238,258,404	\$239,254,403	\$3,705,584
<b>M&amp;O Desegregation</b>	\$0	\$60,711,047	\$60,711,047	\$0
<b>DAA/Unrestricted Capital</b>	\$4,366,730	\$10,246,328	\$10,246,328	\$4,366,730

# FY15-16 Budget Projection

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<b>RESERVE FUNDS Used to Offset M&amp;O</b>	<b>Projected Beginning Balance 07/01/2015</b>	<b>Projected Revenues</b>	<b>Projected Expenditures</b>	<b>Projected Ending Balance 6/30/2016</b>
Instructional Improvement	\$466,098	\$1,800,000	\$1,800,000	\$466,098
Classroom Site Fund-Base Pay	\$768,394	\$3,000,000	\$3,000,000	\$768,394
Classroom Site Fund-Other	\$749,762	\$6,000,000	\$6,000,000	\$749,762
Medicaid	\$3,102,421	\$1,400,000	\$1,600,000	\$2,902,421
Erate	\$130,748	\$2,835,000	\$2,835,000	\$130,748
Impact Aid	\$1,090,118	\$1,000,000	\$486,029	\$1,604,089
Civic Center	\$2,633,287	\$900,000	\$651,594	\$2,881,693
Indirect	\$5,602,052	\$2,500,000	\$5,220,055	\$2,881,997
<b>Total Reserve Funds</b>	<b>\$14,542,880</b>	<b>\$19,435,000</b>	<b>\$21,592,678</b>	<b>\$12,385,202</b>

# FY15-16 Budget Projection

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- Monitor Declining Enrollment/Staffing adjustments
- Prop 301 Retroactive funding - \$15 million
- Continued Capital Reductions
- Staffing Analysis
- Capital Lease Analysis

## TUSD Budget/Future Considerations

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- Monitor Financial situation of district
- Stay on top of current/potential legislation
- Promote Transparency and provide accurate data
- Develop firm and realistic staffing formulas
- Establish a comprehensive budget process
- Assess Lease obligations/Capital needs
- Assess operational costs

## Next steps

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