

Brown, Samuel

From: Brown, Samuel
Sent: Friday, February 20, 2015 5:17 PM
To: Willis D. Hawley; Anurima Bhargava; James Eichner; Juan Rodriguez; Lois Thompson; Rubin Salter Jr.; Zoe Savitsky
Cc: Tolleson, Julie; Taylor, Martha; Soto, Karla
Subject: 2013-14 USP Budget Audit
Attachments: TUSD Schedule of Desegregation FY14.pdf

Dr Hawley/Counsel: Please find attached the 2013-14 USP Budget Audit Report. Have a great weekend, Sam

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
EXAMINATION OF DESEGREGATION EXPENDITURES
YEAR ENDED JUNE 30, 2014**

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

<u>CONTENTS</u>	<u>PAGE</u>
Independent Accountant's Report	1
Schedule of Desegregation Expenditures – Budget and Actual	2
Notes to the Schedule of Desegregation Expenditures – Budget and Actual	5
Schedule of Findings	7



10120 N. Oracle Road
Tucson, Arizona 85704
Tel (520) 742-2611
Fax (520) 742-2718

INDEPENDENT ACCOUNTANT'S REPORT

Management of Tucson Unified School District No. 1

We have examined the accompanying Schedule of Desegregation Expenditures – Budget and Actual of Tucson Unified School District No. 1 for the year ended June 30, 2014. This report is the responsibility of management of the Tucson Unified School District No. 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedule of Desegregation Expenditures – Budget and Actual of Tucson Unified School District No. 1 referred to above presents, in all material respects, the desegregation expenditures as described in Note 1.

Tucson Unified School District No. 1's responses to the findings identified in our examination are described in the accompanying schedule of findings of examination. Tucson Unified School District No. 1's responses were not subjected to the examination procedures applied in the examination of the Schedule of Desegregation Expenditures – Budget and Actual and, accordingly, we express no opinion on the responses.

Heinfeld, Meech & Co., P.C.

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

February 20, 2015

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

<u>Expenditure by activity:</u>	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Compliance and good faith			
Internal compliance monitoring	\$ 900,698	\$ 1,177,345	\$ (276,647)
Annual report	96,744	126,432	(29,688)
Court orders and miscellaneous	1,559,774	1,454,731	105,043
Total compliance and good faith	2,557,216	2,758,508	(201,292)
Student assignment			
Comprehensive boundary plan	-	120,046	(120,046)
Comprehensive magnet plan	8,909,110	8,600,271	308,839
Application and selection process	456,789	388,615	68,174
Marketing, outreach, and recruitment plan	70,000	54,642	15,358
Student assignment professional development	-	-	-
Total student assignment	9,435,899	9,163,574	272,325
Transportation			
Magnet transportation	4,128,093	6,219,918	(2,091,825)
Incentive transportation	4,128,093	6,219,918	(2,091,825)
Total transportation	8,256,186	12,439,836	(4,183,650)
Administration and certificated staff			
Hire or designate Unitary Status Plan positions	-	-	-
Outreach, recruitment and retention plan	119,071	53,160	65,911
Interview committees/instrument/applicant pool	67,471	34,667	32,804
Evaluate applicant offer rejections	67,471	34,667	32,804
Diversity assignment	67,471	34,667	32,804
Experience assignment	67,471	34,667	32,804
Retention	67,471	34,667	32,804
Reduction in force plan	67,471	34,667	32,804
USP related professional development and support	830,704	645,165	185,539
First-year teacher pilot plan	92,300	71,685	20,615
Evaluation instruments	92,300	71,685	20,615
New teacher induction program	92,300	71,685	20,615
Teacher support plan	92,300	71,685	20,615
Aspiring leaders plan	92,300	71,685	20,615
PLC training	92,300	71,685	20,615
USP training plan	92,300	71,685	20,615
Ongoing professional development on hiring process	94,700	72,485	22,215
Observations of best practices	92,300	71,685	20,615
Total administration and certificated staff	2,187,701	1,552,292	635,409

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Quality of education			
ALE access and recruitment plan	5,752,218	4,940,081	812,137
UHS admissions/outreach/recruitment	327,973	394,120	(66,147)
Pursue OELAS extension	-	-	-
Build/expand dual language programs	61,000	-	61,000
Placement policies and practices	142,584	1,172,316	(1,029,732)
Dropout prevention and retention plan	4,902,318	4,205,056	697,262
Data dashboard (flags and policies)	-	-	-
Culturally relevant courses and student engagement			
professional development	916,733	190,707	726,026
Multicultural curriculum	1,524,861	867,961	656,900
Culturally relevant courses	766,733	174,507	592,226
Targeted academic interventions and supports	481,541	385,202	96,339
Quarterly information events	481,542	385,202	96,340
Collaborate with local colleges and universities	481,541	385,202	96,339
AAAATF recommendations	481,541	385,202	96,339
Referrals, evaluations, and placements	-	-	-
Supportive and inclusive environments	766,733	86,393	680,340
Total quality of education	17,087,318	13,571,949	3,515,369
Discipline			
Restorative practices and PBIS	557,888	583,316	(25,428)
GSSR	659,909	481,381	178,528
Student discipline training for sites	659,909	481,381	178,528
Discipline roles and responsibilities	-	-	-
Discipline data monitoring	1,222,162	1,066,201	155,961
Corrective action plans	-	-	-
Successful site-based strategies	-	-	-
Total discipline	3,099,868	2,612,279	487,589
Family and community engagement			
Family center plan	128,434	52,791	75,643
Family engagement resources	128,434	52,791	75,643
Tracking family engagement	132,260	54,391	77,869
Translation and interpretation services	211,420	169,610	41,810
Total family and community engagement	600,548	329,583	270,965
Extracurricular activities			
Extracurricular equitable access plan	360,745	237,785	122,960
Data reporting system	-	-	-
Total extracurricular activities	360,745	237,785	122,960

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Facilities and technology			
Multi-year facilities plan	873,608	910,939	(37,331)
Multi-year technology plan	449,296	379,873	69,423
Technology professional development for classroom staff	47,717	140,270	(92,553)
Total facilities and technology	<u>1,370,621</u>	<u>1,431,082</u>	<u>(60,461)</u>
Accountability and transparency			
Evidence based accounting system implementation	729,059	361,635	367,424
Evidence based accounting system training and evaluation	81,007	40,182	40,825
Budget process and development	33,000	38,540	(5,540)
Budget audit	-	-	-
Notice and request for approval	-	-	-
Total accountability and transparency	<u>843,066</u>	<u>440,357</u>	<u>402,709</u>
Other			
Office for Civil Rights	10,651,537	9,804,096	847,441
Overhead	6,267,088	9,369,720	(3,102,632)
Contingency	1,012,224	-	1,012,224
Total other	<u>17,930,849</u>	<u>19,173,816</u>	<u>(1,242,967)</u>
Total expenditures	<u>\$ 63,730,017</u>	<u>\$ 63,711,061</u>	<u>\$ 18,956</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO THE SCHEDULE OF DESEGREGATION EXPENDITURES –
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

Summary of Desegregation Funding

Arizona Revised Statutes (A.R.S.) Section 15-910(G) permits the Tucson Unified School District No. 1's (District) Governing Board to budget for expenses of complying with or continuing to implement activities which were required or permitted by a court order of desegregation or administrative agreement with the United States Department of Education Office for Civil Rights directed toward remediating alleged or proven racial discrimination.

Based on court orders and A.R.S. 15-910(G), the District uses desegregation funding in the following ways:

1. For expenses of complying with or continuing to implement activities which were required or permitted by the Unitary Status Plan (USP), a consent decree submitted through the U.S. District Court for the District of Arizona through a desegregation court order, and related desegregation court orders.
2. For expenses of complying with or continuing to implement activities which were required or permitted by an administrative agreement with the United States Department of Education Office for Civil Rights directed toward remediating alleged or proving racial discrimination.
3. For expenses related to implementation of the English Language Learner program.

Basis of Accounting

The Schedule is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Allocation of Expenditures

The budget of desegregation expenditures for the year ended 2014 was initially developed utilizing fifteen project codes to account for the desegregation expenditures within the District's accounting system. As part of the implementation process of the USP, the Special Master created an Implementation Addendum that outlined twelve summary level activities with detail subsections to improve alignment of the desegregation budget to the USP. The District was notified at the end of fiscal year 2014 that expenditures must be reported based on the Implementation Addendum reporting requirements that includes 65 newly created activity codes.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO THE SCHEDULE OF DESEGREGATION EXPENDITURES –
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014**

Allocation of Expenditures (Concl'd)

As the desegregation expenditures were not recorded in the District's accounting system to the detail level outlined in the Implementation Addendum, an allocation for both the budget and actual expenditures was applied by the District management to achieve the required reporting of the Implementation Addendum.

The allocation was completed based on the detailed expenditures within the activity codes, and how the expenditures most appropriately aligned with the master budget file based on the corresponding Implementation Addendum activity number. Wherever possible, a 1:1 relationship was established to avoid allocations between object codes. A pro-rata allocation to the applicable Implementation Addendum line item was performed for budget codes that did not have a 1:1 relationship. The allocations were based on management estimations of the proportionate amount of funds expended for each activity.

Budget Variances

Significant variances noted in the Schedule of Desegregation Expenditures – Budget and Actual are primarily due (1) budgeted positions within the Desegregation program that were unfilled throughout the year, (2) Desegregation programs implementation that were delayed, and (3) the use of approximately \$5.0 million of Desegregation funding for overhead and transportation expenditures due to the carryover approved at the October 2014 summit meeting.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS OF EXAMINATION
YEAR ENDED JUNE 30, 2014**

1. The final allocated budget of the Schedule of Desegregation Expenditures – Budget and Actual did not agree to the adopted budget provided to the plaintiffs.

Adopted budget	Budget per Schedule	Variance
\$64,332,208	\$63,730,017	\$602,191

Management's Response:

The District's actual general ledger expenditures did not exceed the budget adopted by the Governing Board and submitted to the Arizona Department of Education as reported on the District's Annual Financial Report.

The final USP budget that was submitted to the plaintiffs for 2013-14 was over allocated by approximately \$600k based on the fact that we anticipated some amount of turnover and attrition that would account for the difference.

2. For two of 38 expenditure and budget allocations reviewed, the activity could not be recalculated based on the District's allocation guide for both budget and expenditure calculations.

Budget	Per Schedule	Recalculated
Family Center Planning	\$128,434	\$129,709
Family Engagement Resources	128,434	129,709

Expenditures	Per Schedule	Recalculated
Family Center Planning	\$52,791	\$57,669
Family Engagement Resources	52,791	57,669

Management's Response:

Calculation variances were anticipated due to the manual processes involved in the conversion of data to an electronic format.