

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
EXAMINATION OF DESEGREGATION EXPENDITURES
YEAR ENDED JUNE 30, 2015**

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

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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, 2015. 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.

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CPAs and Business Consultants

January 27, 2016

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
<u>Expenditure by activity:</u>			
Compliance and good faith			
Internal compliance monitoring	\$ 1,156,868	\$ 1,104,853	\$ 52,015
Annual report	97,435	99,339	(1,904)
Court orders and miscellaneous	2,000,048	1,997,267	2,781
Total compliance and good faith	3,254,351	3,201,459	52,892
Student assignment			
Comprehensive boundary plan	-	-	-
Comprehensive magnet plan	8,949,865	8,418,878	530,987
Application and selection process	536,892	484,965	51,927
Marketing, outreach, and recruitment plan	467,117	367,667	99,450
Student assignment professional development	-	-	-
Total student assignment	9,953,874	9,271,510	682,364
Transportation			
Magnet transportation	5,288,038	5,715,923	(427,885)
Incentive transportation	5,288,038	5,715,923	(427,885)
Total transportation	10,576,076	11,431,846	(855,770)
Administration and certificated staff			
Hire or designate Unitary Status Plan positions	-	-	-
Outreach, recruitment and retention plan	251,283	194,199	57,084
Interview committees/instrument/applicant pool	-	-	-
Evaluate applicant offer rejections	-	-	-
Diversity assignment	-	-	-
Experience assignment	-	-	-
Retention	-	-	-
Reduction in force plan	191,448	144,643	46,805
USP related professional development and support	1,134,128	477,270	656,858
First-year teacher pilot plan	126,014	53,851	72,163
Evaluation instruments	126,014	53,851	72,163
New teacher induction program	126,014	53,851	72,163
Teacher support plan	126,014	53,851	72,163
Aspiring leaders plan	126,014	53,851	72,163
PLC training	126,014	53,851	72,163
USP training plan	126,014	53,851	72,163
Ongoing professional development on hiring process	130,414	58,490	71,924
Observations of best practices	126,014	53,851	72,163
Total administration and certificated staff	2,715,385	1,305,410	1,409,975

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Quality of education			
ALE access and recruitment plan	5,461,983	5,032,409	429,574
UHS admissions/outreach/recruitment	367,310	346,511	20,799
Pursue OELAS extension	-	-	-
Build/expand dual language programs	2,629,793	2,724,843	(95,050)
Placement policies and practices	-	-	-
Dropout prevention and retention plan	3,833,587	3,455,760	377,827
Data dashboard (flags and policies)	-	-	-
Culturally relevant courses and student engagement professional development	923,931	866,948	56,983
Multicultural curriculum	1,539,844	1,264,222	275,622
Culturally relevant courses	830,931	759,442	71,489
Targeted academic interventions and supports	462,720	375,802	86,918
Quarterly information events	462,720	375,802	86,918
Collaborate with local colleges and universities	462,720	375,802	86,918
AAAATF recommendations	962,720	395,975	566,745
Referrals, evaluations, and placements	-	-	-
Supportive and inclusive environments	816,898	918,323	(101,425)
Total quality of education	18,755,157	16,891,839	1,863,318
Discipline			
Restorative practices and PBIS	571,739	573,167	(1,428)
GSSR	595,160	479,456	115,704
Student discipline training for sites	595,160	447,594	147,566
Discipline roles and responsibilities	-	-	-
Discipline data monitoring	1,166,899	1,052,627	114,272
Corrective action plans	-	-	-
Successful site-based strategies	-	-	-
Total discipline	2,928,958	2,552,844	376,114
Family and community engagement			
Family center plan	184,060	184,698	(638)
Family engagement resources	184,060	184,698	(638)
Tracking family engagement	184,060	184,700	(640)
Translation and interpretation services	113,044	109,231	3,813
Total family and community engagement	665,224	663,327	1,897
Extracurricular activities			
Extracurricular equitable access plan	364,372	219,290	145,082
Data reporting system	-	-	-
Total extracurricular activities	364,372	219,290	145,082

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Facilities and technology			
Multi-year facilities plan	1,519,815	1,669,663	(149,848)
Multi-year technology plan	2,140,864	2,214,943	(74,079)
Technology professional development for classroom staff	279,308	76,745	202,563
Total facilities and technology	<u>3,939,987</u>	<u>3,961,351</u>	<u>(21,364)</u>
Accountability and transparency			
Evidence based accounting system implementation	1,361,026	1,368,810	(7,784)
Evidence based accounting system training and evaluation	151,225	152,275	(1,050)
Budget process and development	140,695	64,351	76,344
Budget audit	-	8,200	(8,200)
Notice and request for approval	-	-	-
Total accountability and transparency	<u>1,652,946</u>	<u>1,593,636</u>	<u>59,310</u>
Other			
Office for Civil Rights	8,904,232	8,700,882	203,350
Overhead	484	-	484
Total other	<u>8,904,716</u>	<u>8,700,882</u>	<u>203,834</u>
 Total desegregation expenditures	 <u><u>\$ 63,711,046</u></u>	 <u><u>\$ 59,793,394</u></u>	 <u><u>\$ 3,917,652</u></u>
 Special item:			
Fiscal year 2013-14 unexpended funds	<u><u>\$ 4,982,304</u></u>	<u><u>\$ 3,684,931</u></u>	<u><u>\$ 1,297,373</u></u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO THE SCHEDULE OF DESEGREGATION EXPENDITURES –
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015**

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 and operation 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 2015 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 67 newly created activity codes.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO THE SCHEDULE OF DESEGREGATION EXPENDITURES –
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015**

Allocation of Expenditures

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, and (2) Desegregation programs implementation that were delayed.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS OF EXAMINATION
YEAR ENDED JUNE 30, 2015

The District was required to spend \$4,982,304 in non-910(G) funding in fiscal year 2014-15 from the Maintenance and Operations budget as part of an agreement to use unexpended funds from the prior year. However, total expenditures amounted to \$3,684,931.

Budgeted	Expenditures	Variance
\$4,982,304	\$3,684,931	\$1,297,373

Management's Response:

In fiscal year 2013-14 an under expenditure of \$4,982,304 in Desegregation/Maintenance and Operations funds was identified. By mutual agreement of the parties this unexpended balance was charged to overhead in fiscal year 2013-14 with the understanding that the same amount was to be earmarked for USP expenditures in the District's fiscal year 2014-15 Maintenance and Operations budget. An expenditure plan was to be established through mutual agreement of the parties. The expenditure plan was approved in February 2015 with a total of \$4,881,000 allocated as follows:

Leveled Library Materials	\$ 1,610,000
Magnet Plan Support for select schools TBD to include Red Zone	500,000
Marketing Support	
Culturally Relevant Courses and Multicultural Curriculum/PD Support	250,000
10-12 Reading Recovery Teachers	750,000
Technology/Computer Carts	1,771,000

A total of \$101,304 was not allocated in the approved expenditure plan.

In fiscal year 2014-15, a total of \$3,684,931 was spent leaving \$1,297,373 unspent. The delay in the approval of the expenditure plan played a major role in the district's ability to spend these funds by the end of the fiscal year. The unexpended balance was mainly due to \$750,000 allocated for reading recovery teachers that were not filled until the 2015-16 fiscal year. In addition, \$300,000 and \$130,000 were unspent for magnet red zone marketing and culturally relevant professional development respectively.