

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

TUCSON, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Issued by:
Financial Services Department

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

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INTRODUCTORY SECTION

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February 20, 2012

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, 2011.

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, 2011, 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 unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' 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

The Tucson Unified School District, created on November 18, 1867, is one of 18 public school districts located in Pima County, Arizona. It was formed by the unification of Tucson Elementary School District No. 1 and Tucson High School District No. 1 on July 1, 1976. It provides a program of public education from pre-kindergarten through grade 12, with an estimated current enrollment of 55,000 students, with a projected enrollment for 2011-12 of 50,917. The average age of the school buildings is 40.

The Tucson Unified School District No.1 is the second largest school district in the state of Arizona and the 67th largest school district in the United States; the District offers programs in traditional comprehensive educational schools, magnet/theme schools, technological, adaptive, bilingual, and alternative programs. The District is also a member of the Pima County Joint Technological District (JTED). Approximately 70 percent of the overall District enrollment in 2010-11 was minority and over 80 different 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 purpose and responsibility of the District 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 serves residents of an approximate 230 square mile area which encompasses nearly all of the metropolitan Tucson area and certain unincorporated areas of the County.

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 membership of the Governing Board consists of five members each of whom is elected for four-year terms 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. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and 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 226 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 the world's largest gem, mineral and fossil show, the Accenture Match Play, and the International Mariachi Festival.

Since 1975, Metro Tucson has grown by an average of 2.4% per year. There have been only two instances within the reported time period where population growth fell below 1%. By 2019, the Tucson region will be home to nearly 1.24 million people. Historically, employment growth in the Tucson region has outpaced the nation as a whole by a factor of between 1.6 and 1.8.

District Plans

A. District Facilities:

The District is analyzing different projects to maintain and enhance the school facilities in HVAC, Ground Keeping, and other energy saving initiatives to improve the learning environment for the District students.

The District Governing Board authorized the District administration to negotiate closed school sites disposals which is expected to be concluded during fiscal year 2012-13. The funds proceeds are expected to be used in in the District plant fund in accordance with the State requirements.

B. Technology Infrastructure:

The District's Technology Strategic Plan will be focusing on the following key initiatives: Network/Telecommunications Infrastructure Upgrade, End-User Devise Life Cycle Program, Critical Server Replacements, Office Copier and Printer Replacements, IT Security and Disaster Recovery Modernization, Professional Development for minimum Technology competencies and Improved Web presence and support for schools and teachers. These initiatives are intended to enhance the learning and working environment at TUSD.

In order to fund this plan, the District set aside about \$12.0 million in unrestricted capital. In addition, the District managed to obtain approvals for E-Rate reimbursements from the past 5 years amounting to about \$10.0 million.

C. General Fund Efficiency Measures:

The District moved toward School Wide III blended funding for Title I schools. After consultation with proper State and Federal agencies, the District received approval to proceed. The District followed all Federal and State guidance and became the first large urban school District in the nation to implement the School Wide III scenario. The effect of the implementation is to improve District utilization of fiscal resources.

TUSD began implementation of the self-insurance model with third party administrator AmeriBen. The change from fully insured to self-insured went into effect October 1, 2010. Due to this change, the District increase in the medical insurance rate to employees was only 5% compared to an industry standard average of 10-15% increase.

Procurement Card: the District is exploring to employ a procurement card in the District which is expected to streamline some of the District complex operations and reduce the cost of purchasing and to expedite the process and reduce processing time significantly. It is the District's intention to start implementing this program in fiscal year 2013.

Major District Educational Initiatives. During fiscal year 2009, the First Choice School initiative was launched. The concept of "First Choice" recognizes that there are many ways to teach and there are many ways to learn, and all of them can ultimately lead to the same excellent outcomes. Since we are working with living beings in a living system (more like leaves on a tree than cars in a Ford factory), it is logical for us to consider the multiple pathways to learning that only a large system can provide. To be more specific, it is in the best interest of our students, our families, our staff, and our community to fully explore, propose, and implement a focus/magnet/way of learning at our school – to be able to enthusiastically answer the question – What is it like to learn here?

While the element of instructional choice is important for our schools, it is critical to have strong Professional Development for all teaching staff and a unified curriculum to support the foundational learning of each student. The District is devoting resources to both of these efforts for the 2011-12 school year.

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, 2010. This was the twenty-sixth 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, 2010. 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 2010-11 certificates.

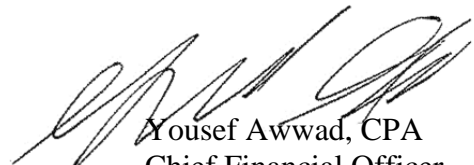
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the financial services department. Each member of the department has our sincere appreciation for the contributions made in the preparation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



John Pedicone, Ph.D.
Superintendent



Yousef Awwad, CPA
Chief Financial Officer

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

TUCSON UNIFIED SCHOOL DISTRICT NO. 1

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



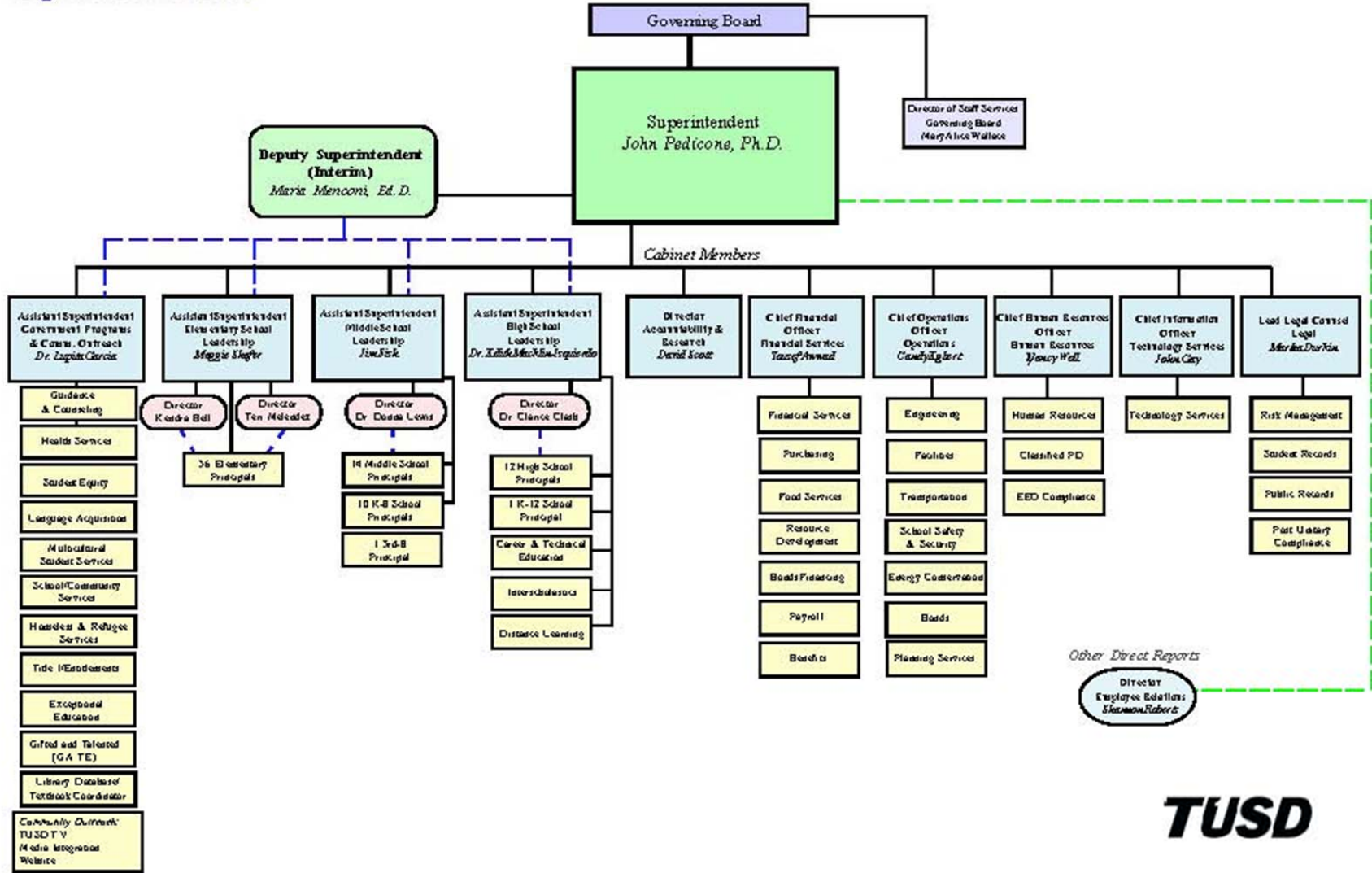
Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

Organizational Chart



XI



Revised by Superintendent's Office 07/28/11

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL OFFICIALS

ELECTED OFFICIALS

BOARD OF EDUCATION

PRESIDENT

Dr. Mark Stegman

CLERK

Michael Hicks

MEMBERS

Miguel Cuevas

Adelita Grijalva

Alexandre Borges Sugiyama, Ph.D.

APPOINTED OFFICIALS

SUPERINTENDENT

John J. Pedicone, Ph.D.

DEPUTY SUPERINTENDENT

Maria Menconi, Ph.D.

ASSISTANT SUPERINTENDENT OF ELEMENTARY SCHOOLS

Maggie Shafer

ASSISTANT SUPERINTENDENT OF MIDDLE SCHOOLS

Jim Fish

ASSISTANT SUPERINTENDENT OF HIGH SCHOOLS

Richard Gastellum

ASSISTANT SUPERINTENDENT OF GOVERNMENT
PROGRAMS AND COMMUNITY OUTREACH

Lupita Cavazos-Garcia, Ph.D.

LEAD LEGAL COUNSEL

Martha Durkin

CHIEF FINANCIAL OFFICER

Yousef Awwad, CPA

CHIEF OPERATIONS OFFICER

Candy Egbert

CHIEF HUMAN RESOURCES OFFICER

Nancy Woll

REPORT PREPARED BY
Financial Services Department

FINANCIAL SECTION

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

Governing Board
Tucson Unified School District No. 1

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tucson Unified School District No. 1 (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2012, on our consideration of the 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 56 through 58 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying supplementary information such as 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

February 20, 2012

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, 2011**

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, 2011. 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 assets of governmental activities increased \$45.9 million which represents an increase of 9 percent from the prior fiscal year primarily due to efforts by the District to maximize budget and net cash carryforward for future year expenditures combined with the retirement of debt in excess of the depreciation on the related assets.
- General revenues accounted for \$407.3 million in revenue, or 81 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$97.5 million or 19 percent of total current fiscal year revenues.
- The District had approximately \$458.9 million in expenses related to governmental activities, a decrease of 3 percent from the prior fiscal year.
- Among major funds, the General Fund had \$313.5 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$313.9 million in expenditures. The General Fund's fund balance decrease from \$58.1 million at the prior fiscal year end to \$44.2 million at the end of the current fiscal year was primarily due to the reduction in state aid and equalization assistance as well as a decline in student enrollment.
- Net assets for the Internal Service Funds increased \$15.1 million from the prior fiscal year primarily due to the District establishing the employee benefit trust. Operating revenues of \$39.5 million exceeded operating expenses of \$24.6 million at the end of the current fiscal year.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

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.

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 assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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, Title I Grants, Debt Service, and Bond Building 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 to 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 a major Special Revenue Fund as required supplementary information.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

During the year ended June 30, 2011, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions. Additional information on the fund balance classifications, components of fund balance, and other information related to fund balance can be found in Note 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$544.5 million at the current fiscal year end.

The largest portion of the District's net assets 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 debt used to acquire those assets that is still outstanding. 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 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 assets are restricted for special purposes, debt service repayment, and capital outlay investment.

The following table presents a summary of the District's net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	As of June 30, 2011	As of June 30, 2010
Current and other assets	\$ 261,162,632	\$ 190,575,394
Capital assets, net	<u>672,220,009</u>	<u>646,153,551</u>
Total assets, net	<u>933,382,641</u>	<u>836,728,945</u>
Current and other liabilities	56,056,094	46,883,558
Long-term liabilities	<u>332,784,982</u>	<u>291,199,875</u>
Total liabilities	<u>388,841,076</u>	<u>338,083,433</u>
Net assets:		
Invested in capital assets, net of related debt	434,745,660	408,491,273
Restricted	65,412,105	26,714,726
Unrestricted	44,383,800	63,439,513
Total net assets	<u>\$ 544,541,565</u>	<u>\$ 498,645,512</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

At the end of the current fiscal year the District reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

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

- The net addition of \$44.5 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The depreciation of capital assets resulting in an increase of \$20.2 million in accumulated depreciation.
- The issuance of \$74.0 million of school improvement bonds and principal retirement of \$78.3 million of bonds.

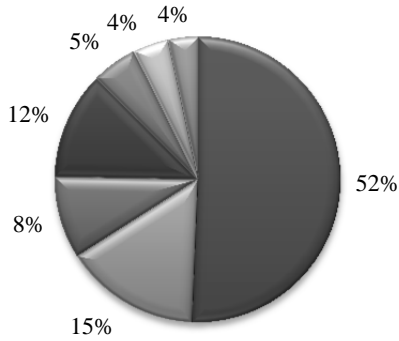
Changes in net assets. The District's total revenues for the current fiscal year were \$500.0 million. The total cost of all programs and services was \$458.9 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	<u>Fiscal Year Ended June 30, 2011</u>	<u>Fiscal Year Ended June 30, 2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 7,166,174	\$ 17,189,914
Operating grants and contributions	87,020,303	77,282,861
Capital grants and contributions	3,347,591	5,455,281
General revenues:		
Property taxes	194,142,601	187,944,662
Investment income	817,368	1,099,217
Unrestricted county aid	12,889,153	12,191,663
Unrestricted state aid	190,988,261	202,282,511
Unrestricted federal aid	3,657,865	21,611,614
Total revenues	<u>500,029,316</u>	<u>525,057,723</u>
Expenses:		
Instruction	232,454,534	249,555,054
Support services – students and staff	70,371,615	68,096,321
Support services – administration	42,737,361	40,736,506
Operation and maintenance of plant services	56,053,302	55,307,716
Student transportation services	23,345,392	24,061,246
Operation of non-instructional services	18,430,745	18,992,991
Interest on long-term debt	15,517,905	14,045,722
Total expenses	<u>458,910,854</u>	<u>470,795,556</u>
Total change prior to special item	<u>41,118,462</u>	<u>54,262,167</u>
Special item - Gain on disposal of assets	4,777,591	
Change in net assets	<u>\$ 45,896,053</u>	<u>\$ 54,262,167</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

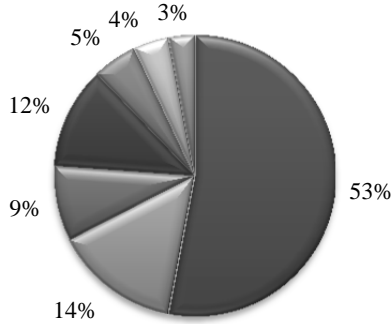
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Fiscal Year 2010-11 Expenses



- Instruction
- Support services - administration
- Student transportation services
- Interest on long-term debt

Fiscal Year 2009-10 Expenses



- Support services - students and staff
- Operation and maintenance of plant services
- Operation of non-instructional services

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

- The decrease of \$18.0 million in unrestricted federal aid was primarily due to a decrease in the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund.
- The \$10.0 million decrease in charges for services was primarily due to a decrease in joint technical education funding.
- The \$9.7 million increase in operating grants and contributions was primarily due to new funding under the Education Jobs Fund grant and a federal subsidiary for interest revenue.
- The \$11.9 million decrease in expenses was primarily due to the reduction in workforce.

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, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	<u>Year Ended June 30, 2011</u>		<u>Year Ended June 30, 2010</u>	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 232,454,534	\$(174,214,317)	\$ 249,555,054	\$(190,519,813)
Support services – students and staff	70,371,615	(56,327,575)	68,096,321	(50,827,057)
Support services – administration	42,737,361	(40,556,635)	40,736,506	(39,529,470)
Operation and maintenance of plant services	56,053,302	(53,996,947)	55,307,716	(53,649,606)
Student transportation services	23,345,392	(23,317,253)	24,061,246	(23,814,854)
Operation of non-instructional services	18,430,745	1,247,773	18,992,991	1,519,022
Interest on long-term debt	15,517,905	(14,211,832)	14,045,722	(14,045,722)
Total	<u>\$ 458,910,854</u>	<u>\$(361,376,786)</u>	<u>\$ 470,795,556</u>	<u>\$(370,867,500)</u>

- The cost of all governmental activities this year was \$458.9 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$97.5 million.
- Net cost of governmental activities of \$361.4 million was financed by general revenues, which are made up of primarily property taxes of \$194.1 million and state aid of \$191.0 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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Concl'd)

The General Fund comprises 25 percent of the total fund balance. Approximately \$41.7 million, or 94 percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$13.9 million to \$44.2 million as of fiscal year end was a result of the reduction of state aid and equalization assistance. General Fund revenues decreased \$36.3 million as a result of a decrease in unrestricted federal aid from the ARRA State Fiscal Stabilization Fund. General Fund expenditures decreased \$21.7 million as a result of efforts by the District to maximize budget and cash carryforward for future year's expenditures.

The Debt Service Fund's fund balance decreased \$26,498. The Debt Service Fund revenues increased \$2.6 million due to the shift in tax rates. The Debt Service Fund expenditures increased \$4.3 million due to additional principal retirement for the issuance of bonds during the year.

The Bond Building Fund's fund balance increased \$39.2 million due to the issuance of school improvement bonds during the fiscal year. The Bond Building Fund expenditures increased \$11.6 million due to the use of bond proceeds for school improvement projects during the prior year.

The Title I Grants Fund revenues decreased \$193,512 and expenditures decreased \$12,566.

Proprietary funds. During the current fiscal year, the District's contributions to the proprietary funds were \$39.5 million to fund current year claims expense and administrative costs. Unrestricted net assets of the Internal Service Fund at the end of the fiscal year amounted to \$15.9 million. The increase of \$15.1 million from the prior fiscal year was primarily due to the funding of future claims related to the creation of the employee benefit trust.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for decreased enrollment and a reduction in the state base support levels. The difference between the original budget and the final amended budget was 5 percent.

The revenue budget for the General Fund was not revised. 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 \$12.7 million favorable variance in instruction was primarily due to the budget including consideration for expenditures which were paid from the Education Jobs Grant.
- The \$5.7 million favorable variance in student transportation services was primarily due to reduction of costs due to a decrease in student enrollment.
- The \$4.0 million unfavorable variance in support services – administration was due to costs related to software implementation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of year end, the District had invested \$934.3 million 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 \$44.5 million from the prior fiscal year, primarily due to the construction of new school facilities. Total depreciation expense for the year was \$20.2 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2011 and June 30, 2010.

	As of <u>June 30, 2011</u>	As of <u>June 30, 2010</u>
Capital assets – non-depreciable	\$ 82,157,002	\$ 51,081,440
Capital assets – depreciable, net	<u>590,063,007</u>	<u>595,072,111</u>
Total	<u>\$ 672,220,009</u>	<u>\$ 646,153,551</u>

The estimated cost to complete current construction projects is \$12.2 million. Additional information on the District's capital assets can be found in Note 6.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

Debt Administration. At year end, the District had \$312.0 million in long-term debt outstanding, \$36.8 million due within one year. This represents a net increase of \$39.5 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 10 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$1.1 billion and the Class B debt limit is \$378.4 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 2011-12 budget. Among them:

- Fiscal year 2010-11 budget balance carry forward (estimated \$24.5 million).
- District student population (estimated 50,917 with pre-k, 49,997 without pre-k).
- Legislation eliminating state excess utilities funding.
- Legislation allowing the use of certain capital projects funds for maintenance and operations purposes.
- Technology and operation initiatives, energy conservation, and technology infrastructure.

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

Budgeted expenditures in the General Fund decreased 2 percent to \$312.3 million in fiscal year 2011-12. A decrease in the weighted student count and cuts in state funding are the primary reasons for the decrease. No new programs were added to the 2011-12 budget.

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 ASSETS
JUNE 30, 2011

	Governmental Activites
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 194,326,930
Property taxes receivable	13,170,200
Accounts receivable	295,994
Due from governmental entities	42,942,151
Prepaid items	1,938,105
Inventory	1,874,911
Total current assets	254,548,291
Noncurrent assets:	
Cash and investments-restricted	1,888,984
Deferred charges	4,725,357
Land	14,470,194
Land improvements	52,104,773
Buildings and improvements	738,433,822
Vehicles, furniture and equipment	61,593,285
Construction in progress	67,686,808
Accumulated depreciation	(262,068,873)
Total noncurrent assets	678,834,350
Total assets	933,382,641
<u>LIABILITIES</u>	
Current liabilities:	
Overdraft of cash on deposit	5,076,210
Accounts payable	10,884,836
Construction contracts payable	5,380,545
Claims payable	6,412,171
Accrued payroll and employee benefits	15,205,562
Compensated absences payable	2,500,000
Unearned revenues	1,536,998
Obligations under capital leases	1,930,773
Bonds payable	34,825,000
Total current liabilities	83,752,095
Noncurrent liabilities:	
Deferred premium	5,223,142
Claims payable	6,336,630
Non-current portion of long-term obligations	293,529,209
Total noncurrent liabilities	305,088,981
Total liabilities	388,841,076
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	434,745,660
Restricted for:	
Special purposes	25,572,146
Debt service	14,136,565
Capital outlay	25,703,394
Unrestricted	44,383,800
Total net assets	\$ 544,541,565

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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 232,454,534	\$ 3,293,113	\$ 51,599,513	\$ 3,347,591	\$ (174,214,317)
Support services - students and staff	70,371,615		14,044,040		(56,327,575)
Support services - administration	42,737,361		2,180,726		(40,556,635)
Operation and maintenance of plant services	56,053,302	668,536	1,387,819		(53,996,947)
Student transportation services	23,345,392		28,139		(23,317,253)
Operation of non-instructional services	18,430,745	3,204,525	16,473,993		1,247,773
Interest on long-term debt	15,517,905		1,306,073		(14,211,832)
Total governmental activities	<u>\$ 458,910,854</u>	<u>\$ 7,166,174</u>	<u>\$ 87,020,303</u>	<u>\$ 3,347,591</u>	<u>(361,376,786)</u>
General revenues:					
Taxes:					
					122,512,450
					46,598,982
					25,031,169
					817,368
					12,889,153
					190,988,261
					3,657,865
					4,777,591
					<u>407,272,839</u>
					45,896,053
					<u>498,645,512</u>
					<u>\$ 544,541,565</u>

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, 2011

	General	Title I Grants	Debt Service
<u>ASSETS</u>			
Cash and investments	\$ 18,563,406	\$ 17,928,968	\$ 11,392,265
Cash and investments-restricted			
Property taxes receivable	9,199,424		3,111,127
Accounts receivable	97,072		
Due from governmental entities	36,653,685	801,165	
Due from other funds	19,678,489	679,448	
Prepaid items	1,205,528		
Inventory	1,311,064		
Total assets	\$ 86,708,668	\$ 19,409,581	\$ 14,503,392
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Overdraft of cash on deposit	\$	\$	\$ 366,827
Accounts payable	7,360,446	346,111	
Construction contracts payable			
Due to other funds	13,928,289	17,639,898	
Accrued payroll and employee benefits	12,520,983	1,423,572	
Deferred revenues	8,709,246		2,078,658
Total liabilities	42,518,964	19,409,581	2,445,485
Fund balances (deficits):			
Nonspendable	2,516,592		
Restricted			12,057,907
Committed			
Unassigned	41,673,112		
Total fund balances	44,189,704		12,057,907
 Total liabilities and fund balances	\$ 86,708,668	\$ 19,409,581	\$ 14,503,392

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 80,870,690	\$ 36,971,621	\$ 165,726,950
	1,888,984	1,888,984
	859,649	13,170,200
	198,922	295,994
	5,487,301	42,942,151
6,079	13,769,107	34,133,123
587,724		1,793,252
	563,847	1,874,911
<u>\$ 81,464,493</u>	<u>\$ 59,739,431</u>	<u>\$ 261,825,565</u>
\$ 4,709,383	\$ 2,985,928	\$ 5,076,210
129,361		10,821,846
5,380,545		5,380,545
	2,564,936	34,133,123
13,141	1,247,866	15,205,562
	2,328,870	13,116,774
<u>10,232,430</u>	<u>9,127,600</u>	<u>83,734,060</u>
587,724	563,847	3,668,163
70,644,339	48,230,647	130,932,893
	1,840,152	1,840,152
	(22,815)	41,650,297
<u>71,232,063</u>	<u>50,611,831</u>	<u>178,091,505</u>
<u>\$ 81,464,493</u>	<u>\$ 59,739,431</u>	<u>\$ 261,825,565</u>

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total governmental fund balances **\$ 178,091,505**

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 934,288,882	
Less accumulated depreciation	<u>(262,068,873)</u>	672,220,009

Some revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes	11,353,814	
Intergovernmental	<u>225,962</u>	11,579,776

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. (497,785)

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 Assets. 15,933,042

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

Compensated absences payable	(20,743,703)	
Obligations under capital leases	(5,136,279)	
Bonds payable	<u>(306,905,000)</u>	<u>(332,784,982)</u>

Net assets of governmental activities **\$ 544,541,565**

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, 2011

	General	Title I Grants	Debt Service
Revenues:			
Other local	\$ 15,366,583	\$	\$ 73,459
Property taxes	119,011,191		46,034,959
State aid and grants	173,401,362		
Federal aid, grants and reimbursements	5,737,933	32,049,647	1,306,073
Total revenues	313,517,069	32,049,647	47,414,491
Expenditures:			
Current -			
Instruction	147,023,980	18,617,384	
Support services - students and staff	48,624,253	6,420,043	
Support services - administration	37,079,087	2,490,912	
Operation and maintenance of plant services	54,571,774	1,450,269	
Student transportation services	22,141,863	17,766	
Operation of non-instructional services	469,587		
Capital outlay	3,081,961	1,735,762	
Debt service -			
Principal retirement	830,746		32,530,000
Interest and fiscal charges	95,779		15,143,567
Bond issuance costs			379,406
Total expenditures	313,919,030	30,732,136	48,052,973
Excess (deficiency) of revenues over expenditures	(401,961)	1,317,511	(638,482)
Other financing sources (uses):			
Transfers in	2,529,314		232,578
Transfers out		(1,317,511)	
Proceeds from sale of capital assets			
Issuance of school improvement bonds			45,900,000
Issuance of refunding bonds			4,441,533
Premium on sale of bonds			(49,962,127)
Payment to refunded bond escrow agent			611,984
Total other financing sources (uses):	2,529,314	(1,317,511)	611,984
Changes in fund balances	2,127,353		(26,498)
Fund balances, beginning of year	58,107,750		12,084,405
Increase (decrease) in reserve for inventory	(1,050,927)		
Increase (decrease) in reserve for prepaid items	(14,994,472)		
Fund balances, end of year	\$ 44,189,704	\$	\$ 12,057,907

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 173,338	\$ 9,444,001	\$ 25,057,381
	24,212,798	189,258,948
	20,162,305	193,563,667
	49,414,226	88,507,879
<u>173,338</u>	<u>103,233,330</u>	<u>496,387,875</u>
	39,118,721	204,760,085
	13,752,657	68,796,953
	790,498	40,360,497
	656,833	56,678,876
	82,344	22,241,973
	18,115,982	18,585,569
34,781,914	12,794,295	52,393,932
	1,288,946	34,649,692
180,248	136,128	15,555,722
397,357		776,763
<u>35,359,519</u>	<u>86,736,404</u>	<u>514,800,062</u>
<u>(35,186,181)</u>	<u>16,496,926</u>	<u>(18,412,187)</u>
		2,761,892
(232,578)	(1,211,803)	(2,761,892)
	1,728,172	1,728,172
74,000,000		74,000,000
		45,900,000
597,407		5,038,940
		(49,962,127)
<u>74,364,829</u>	<u>516,369</u>	<u>76,704,985</u>
<u>39,178,648</u>	<u>17,013,295</u>	<u>58,292,798</u>
32,053,415	33,490,783	135,736,353
	107,753	(943,174)
		(14,994,472)
<u>\$ 71,232,063</u>	<u>\$ 50,611,831</u>	<u>\$ 178,091,505</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, 2011

Net changes in fund balances - total governmental funds **\$ 42,355,152**

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	\$ 43,314,099	
Less current year depreciation	<u>(20,218,343)</u>	23,095,756

Long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Assets.

Issuance of school improvement bonds	(74,000,000)	
Issuance of refunding bonds	<u>(45,900,000)</u>	(119,900,000)

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

Property taxes	4,883,653	
Intergovernmental	<u>(969,843)</u>	3,913,810

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Capital lease principal retirement	2,119,692	
Payment to refunded bond escrow agent	49,962,127	
Bond principal retirement	<u>32,530,000</u>	84,611,819

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

Premium on issuance of debt	(5,038,940)	
Bond issuance costs	776,763	
Net gain on disposal of capital assets	2,970,702	
Amortization of deferred bond items	37,817	
Compensated absences	<u>(2,059,799)</u>	(3,313,457)

The Internal Service Fund is used by management to charge the cost of workers' compensation to the individual funds. The changes in net assets of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

15,132,973

Change in net assets in governmental activities **\$ 45,896,053**

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 28,599,980
Prepaid items	144,853
Total current assets	28,744,833
Total assets	28,744,833
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	62,990
Claims payable	6,412,171
Total current liabilities	6,475,161
Noncurrent liabilities:	
Claims payable	6,336,630
Total noncurrent liabilities	6,336,630
Total liabilities	12,811,791
<u>NET ASSETS</u>	
Unrestricted	15,933,042
Total net assets	\$ 15,933,042

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 ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 39,533,526
Total operating revenues	<u>39,533,526</u>
Operating expenses:	
Claims	21,402,260
Premiums	2,045,353
Administrative fees	1,147,717
Other	5,678
Total operating expenses	<u>24,601,008</u>
Operating income (loss)	<u>14,932,518</u>
Nonoperating revenues (expenses):	
Investment income	200,455
Total nonoperating revenues (expenses)	<u>200,455</u>
Changes in net assets	<u>15,132,973</u>
Total net assets, beginning of year	800,069
Total net assets, end of year	<u>\$ 15,933,042</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, 2011

	<u>Governmental Activities: Internal Service Funds</u>
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 41,644,953
Cash payments for claims	(16,776,598)
Cash payments to suppliers for goods and services	<u>(3,180,480)</u>
Net cash provided by operating activities	<u>21,687,875</u>
Cash flows from investing activities:	
Purchase of investments	4,385,000
Proceeds from sale of investments	(5,385,000)
Investment income	<u>200,455</u>
Net cash provided by investing activities	<u>(799,545)</u>
Net increase in cash and cash equivalents	<u>20,888,330</u>
Cash and cash equivalents, beginning of year	<u>6,711,650</u>
Cash and cash equivalents, end of year	<u><u>\$ 27,599,980</u></u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u>	
Cash and cash equivalents	\$ 27,599,980
Investments	<u>1,000,000</u>
Total cash and investments	<u><u>\$ 28,599,980</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating income	\$ 14,932,518
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in due from other funds	2,200,000
Increase in prepaid items	(88,573)
Increase in accounts payable	18,268
Increase in unearned revenues	
Increase in claims payable	<u>4,625,662</u>
Total adjustments	<u>6,755,357</u>
Net cash provided by operating activities	<u><u>\$ 21,687,875</u></u>

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 3,681,533
Accounts receivable	3,071,859
Total assets	\$ 6,753,392
 <u>LIABILITIES</u>	
Overdraft of cash	\$ 3,071,859
Deposits held for others	1,488,136
Due to student groups	2,193,397
Total liabilities	\$ 6,753,392

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, 2011

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, 2011, the District implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosures requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

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. 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. Furthermore, component units combined with the District for financial statement presentation purposes, and the District are not included in any other governmental reporting entity. Consequently, the District's financial statements include only the financial activity of the 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 athletic functions.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District's operations. 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.

Complete financial statements for each of the component units may be obtained at the Tucson Unified School District No. 1's administrative offices.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District.

Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted Federal, State and County aid, and other items not included among program revenues are reported instead as general revenues.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting except for debt service and compensated absences 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. Deferred 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 deferred revenue on the governmental fund financial statements.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 the Medicaid Reimbursement, Impact Aid, Auxiliary Operations, Gifts and Donations, Insurance Proceeds, Litigation Recovery, Indirect Costs, Advertisement, District Services, Intergovernmental Agreements, and Soft Capital Allocation Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Bond Building Fund – The Bond Building Fund accounts for monies received from District bond issues that are used to acquire sites, construct or renovate school buildings, supply school buildings with furniture and apparatus, improve school grounds, and purchase pupil transportation vehicles.

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, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 certain cash with the County Treasurer. That cash 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.

Certain resources set aside for future purchases related to the continued implementation of a new enterprise resource planning system are classified as cash and investments – restricted on the statements of net assets and balance sheet because their use is limited by a capital lease financing agreement. A trust account, recorded in the Unrestricted Capital Outlay Fund, is 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.”

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

Property tax levies are obtained by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10% from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which 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. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

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 and are offset by a reserve of fund balance.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 expenditures/expenses when consumed in the government-wide and 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.

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. 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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

L. 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 assets. Bond premiums and discounts, as well as issuance costs and 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.

M. 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.

N. 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.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

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. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

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 expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Bond Building Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 1,311,064	\$	\$	\$ 563,847
Prepaid items	1,205,528		587,724	
Restricted:				
Debt service		12,057,907		
Capital projects				24,759,419
Bond building projects			70,644,339	
Voter approved initiatives				11,872,228
Civic center				2,205,629
Extracurricular activities tax credit				4,643,611
Food service				3,205,530
Other purposes				1,544,230
Committed:				
School improvements				1,840,152
Unassigned	<u>41,673,112</u>			<u>(22,815)</u>
Total fund balances	<u>\$ 44,189,704</u>	<u>\$12,057,907</u>	<u>\$71,232,063</u>	<u>\$ 50,611,831</u>

The July 1, 2010 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds due to the new fund type definitions specified in GASB Statement No. 54.

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
Fund balance, June 30, 2010, as previously reported	\$ 42,993,684	\$ 48,604,849
Reclassification of funds	<u>15,114,066</u>	<u>(15,114,066)</u>
Fund balance, July 1, 2010, as restated	<u>\$ 58,107,750</u>	<u>\$ 33,490,783</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the following individual non-major governmental funds reported deficits in fund balance.

	Deficit
Non-Major Governmental Funds:	
Fingerprint	\$ 73
Adjacent Ways	22,742

The deficits arose because of operations during the year. Additional revenues received in fiscal year 2011-12 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the District to invest public monies in the State Treasurer’s local government investment pools, the County Treasurer’s investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District’s 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 \$17,952,519 and the bank balance was \$18,120,543. At year end, \$5,388,667 of the District’s deposits were covered by collateral held by the pledging financial institution in the District’s name.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

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. No regulatory oversight is provided for the County Treasurer’s investment pool and that pool’s structure does not provide for shares.

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market Mutual Funds	N/A	\$ 1,888,984
Government Sponsored Enterprises	9/27/2013	1,000,000
County Treasurer’s investment pool	198 days average	86,792,989
State Treasurer’s investment pool 7	47 days average	92,262,955
Total		<u>\$ 181,944,928</u>

In addition, at year end negative cash remained after interfund borrowing, resulting in an overdraft with the County Treasurer in the Debt Service and Bond Building Funds of \$366,827 and \$4.7 million, respectively, both major governmental funds.

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County and State Treasurers’ investment pools did not receive a credit quality rating from a national rating agency. The District’s investments in government sponsored enterprises were rated Aaa by Moody’s Investors Service and AA+ by Standard & Poor’s.

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.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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>Title I Grants Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:			
Due from Federal government	\$ 338,881	\$ 801,165	\$ 1,546,389
Due from State government	36,294,367		3,940,912
Due from County government	20,437		
Net due from governmental entities	<u>\$36,653,685</u>	<u>\$ 801,165</u>	<u>\$ 5,487,301</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 8,483,284	\$
Delinquent property taxes receivable (Debt Service Fund)	2,078,658	
Delinquent property taxes receivable (Non-Major governmental funds)	791,872	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major governmental funds)		1,536,998
Measurable but unavailable revenues (General Fund)	225,962	
Total deferred revenue for governmental funds	<u>\$ 11,579,776</u>	<u>\$ 1,536,998</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 11,371,623	\$ 3,200,000	\$ 101,429	\$ 14,470,194
Construction in progress	39,709,817	37,933,875	9,956,884	67,686,808
Total capital assets, not being depreciated	<u>51,081,440</u>	<u>41,133,875</u>	<u>10,058,313</u>	<u>82,157,002</u>
Capital assets, being depreciated:				
Land improvements	51,481,467	623,306		52,104,773
Buildings and improvements	729,100,244	9,333,578		738,433,822
Vehicles, furniture and equipment	58,165,449	5,380,224	1,952,388	61,593,285
Total capital assets being depreciated	<u>838,747,160</u>	<u>15,337,108</u>	<u>1,952,388</u>	<u>852,131,880</u>
Less accumulated depreciation for:				
Land improvements	(21,062,695)	(1,944,434)		(23,007,129)
Buildings and improvements	(193,966,870)	(14,881,164)		(208,848,034)
Vehicles, furniture and equipment	(28,645,484)	(3,392,745)	(1,824,519)	(30,213,710)
Total accumulated depreciation	<u>(243,675,049)</u>	<u>(20,218,343)</u>	<u>(1,824,519)</u>	<u>(262,068,873)</u>
Total capital assets, being depreciated, net	<u>595,072,111</u>	<u>(4,881,235)</u>	<u>127,869</u>	<u>590,063,007</u>
Governmental activities capital assets, net	<u>\$ 646,153,551</u>	<u>\$ 36,252,640</u>	<u>\$ 10,186,182</u>	<u>\$672,220,009</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$17,354,708
Support services – students and staff	162,344
Support services – administration	700,058
Operation and maintenance of plant services	253,907
Student transportation services	1,585,617
Operation of non-instructional services	161,709
Total depreciation expense – governmental activities	<u>\$20,218,343</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects. At year end the District had spent \$67.7 million on the projects and had estimated remaining contractual commitments of \$12.2 million. These projects are being funded primarily with bond proceeds.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 is in the process of implementing a new enterprise resource planning system which has been financed under the provisions of a long-term lease agreement classified as a capital lease. At June 30, 2011, lease proceeds of \$1.9 million were held by a trustee for future purchases related to the implementation. 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 non-major governmental fund, are used to pay the capital lease obligations.

	Governmental Activities
Asset:	
Vehicles and equipment	\$ 11,436,531
Less: Accumulated depreciation	6,849,916
Total	\$ 4,586,615

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:	
2012	\$ 2,161,394
2013	1,909,633
2014	1,499,509
Total minimum lease payments	5,570,536
Less: amount representing interest	434,258
Present value of minimum lease payments	\$ 5,136,278
Due within one year	\$ 1,930,773

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – OBLIGATIONS UNDER LEASES (Concl'd)

Operating Leases – The District leases equipment 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 \$162,271 for the current fiscal year. The operating leases have remaining noncancelable lease terms from 1 to 3 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:		
2012	\$105,304	
2013	23,149	
2014	<u>1,892</u>	
Total minimum payments required	<u>\$130,345</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	Maturity	Outstanding Principal June 30, 2011	Due Within One Year
Governmental activities:					
School Improvement Bonds, 1994 (Class A)	\$ 30,000,000	8.38%	7/1/13	\$ 3,000,000	\$
Refunding Bonds, 2004 (Class A)	140,140,000	3.00-4.75%	7/1/11-14	28,240,000	6,560,000
School Improvement Bonds, 2005	47,000,000	3.00-5.00%	7/1/11-24	33,725,000	2,150,000
Refunding Bonds, 2006 (Class A)	47,825,000	3.70-5.00%	7/1/12-13	24,060,000	24,060,000
School Improvement Bonds, 2006	10,000,000	4.00-5.00%	7/1/11-26	5,145,000	250,000
School Improvement Bonds, 2007	47,000,000	4.375-5.00%	7/1/15-28	37,835,000	
School Improvement Bonds, 2008	57,000,000	3.25-5.00%	7/1/12-27	56,000,000	1,800,000
School Improvement Bonds, 2010	6,770,000	3.00-5.00%	7/1/14-15	6,770,000	
School Improvement Bonds, 2010	67,230,000	4.324-5.117%	7/1/16-29	67,230,000	
Refunding Bonds, 2010 (Class A)	41,725,000	3.00-5.00%	7/1/12-22	41,725,000	
Refunding Bonds and Supplemental Interest Payments, 2010	4,175,000	3.00-5.00%	7/1/11-14	3,175,000	5,000
Total				<u>\$ 306,905,000</u>	<u>\$ 34,825,000</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE (Concl'd)

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
2012	\$ 34,825,000	\$ 14,849,112
2013	34,925,000	13,276,462
2014	36,720,000	11,468,618
2015	14,320,000	9,787,306
2016	14,820,000	9,203,832
2017-21	60,620,000	37,681,005
2022-26	76,160,000	22,518,744
2027-30	34,515,000	4,376,340
Total	<u>\$ 306,905,000</u>	<u>\$ 123,161,419</u>

During the year ended June 30, 2011, the District issued \$45.9 million in refunding bonds, including \$175,000 in supplemental interest certificates with an effective interest rate of 1.9 percent, to advance refund \$45.7 million of outstanding general obligation bonds, with an average interest rate of 4.7 percent. The net proceeds of \$50.0 million which includes \$4.4 million of bond premium and \$173,749 in supplemental interest certificates, (after payment of \$379,406 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. This amount is reported as deferred charges and amortized over the new debt's life. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$1.8 million and resulted in an economic gain of \$1.3 million.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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	\$ 265,260,000	\$119,900,000	\$78,255,000	\$ 306,905,000	\$ 34,825,000
Obligations under capital leases	7,255,971		2,119,692	5,136,279	1,930,773
Compensated absences payable	18,683,904	8,953,323	6,893,524	20,743,703	2,500,000
Governmental activity long-term liabilities	<u>\$ 291,199,875</u>	<u>\$128,853,323</u>	<u>\$87,268,216</u>	<u>\$ 332,784,982</u>	<u>\$ 39,255,773</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

Due to	General Fund	Title I Grants Fund	Bond Building Fund	Non-Major Governmental Funds	Total
General Fund	\$	\$ 185,058	\$ 6,079	\$ 13,737,152	\$ 13,928,289
Title I Grants Fund	17,639,898				17,639,898
Non-Major Governmental and Other Funds	2,038,591	494,390		31,955	2,564,936
Total	<u>\$19,678,489</u>	<u>\$ 679,448</u>	<u>\$ 6,079</u>	<u>\$ 13,769,107</u>	<u>\$ 34,133,123</u>

The Title I Grants Fund, a major governmental fund, and several non-major federal grant funds, owed monies to the General Fund for indirect costs. In addition, the Title I Grants Fund, the Bond Building Fund, and several non-major governmental funds owed monies to the General Fund due to an allocation of workers' compensation expenditures. Further, the Title I Grants Fund owed the General Fund due to the District implementing a consolidated school-wide plan and several funds had negative cash balances in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)

Interfund transfers:

Transfers out	Transfers in		Total
	General Fund	Debt Service Fund	
Title I Grants Fund	\$1,317,511	\$	\$ 1,317,511
Bond Building Fund		232,578	232,578
Non-Major Governmental Funds	1,211,803		1,211,803
Total	<u>\$2,529,314</u>	<u>\$ 232,578</u>	<u>\$ 2,761,892</u>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund, a major governmental fund, that is required by statute to be expended in the Debt Service Fund, a major governmental fund, and (2) to move Federal grant funds restricted for indirect costs.

NOTE 11 – CONTINGENT LIABILITIES

Compliance – The Arizona Department of Education (ADE) sent the District a determination letter disallowing the use of all Title I funds for the Family Wellness Resource Centers used to operate the Promotoras Program. The District has paid approximately \$1.8 million of the disallowed expenditures during the fiscal year; however, the ADE was unable to determine from the documentation provided by the District the amount allowable and expended for the Family Support Centers. The District was asked to identify funds used to support parent involvement activities in order to determine if any of the amounts expended were appropriate as Title I expenditures. Based on submissions from the District, the ADE determined that the total amount disallowed was \$253,444.

Other 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.

In accordance with a consent judgment entered into in the Superior Court of the State of Arizona in and for the County of Maricopa, the District is required to undergo special review of the District’s vendor relations and procurement practices. Six special reviews are to be performed beginning in August 2009. As of December 2011, four of the six reviews had been completed. The reviews noted instances of non-compliance; however, the outcome of the Attorney General’s review of the special reviews cannot be determined at this time.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 – CONTINGENT LIABILITIES (Concl'd)

The District is in litigation with the Arizona Department of Education regarding an average daily membership (ADM) audit. It is management's opinion that although some corrective action will take place, the withholding of state funding will not significantly affect the District's ability to operate.

Lawsuits – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 12 – RISK MANAGEMENT

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

During the year, 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. Under this program, the Fund provides coverage for up to a maximum of \$500,000 for each claim, not to exceed an annual aggregate of \$30.0 million. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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, 2011

NOTE 12 – RISK MANAGEMENT (Concl'd)

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>				
2010-11	\$ 8,123,139	\$ 1,689,258	\$ 1,891,609	\$ 7,920,788
2009-10	8,123,139	1,711,635	1,711,635	8,123,139
<u>Employee Benefits</u>				
2010-11	-0-	19,510,651	14,682,638	4,828,013
<u>Total</u>				
2010-11	8,123,139	21,199,909	16,574,247	12,748,801
2009-10	8,123,139	1,711,635	1,711,635	8,123,139

The District retains the risk of loss for liability claims up to \$100,000 for liabilities arising before July 1, 2001 and up to \$500,000 for liabilities arising after July 1, 2001. 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 insurance and property insurance in fiscal year 2010-11. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District contributes to the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

Plan Description – Benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-0250 or by calling (602) 240-2000 or (800) 621-3778. The report is also available on the ASRS' website at www.azasrs.gov.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.60 percent for retirement and 0.25 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 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll.

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

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2011	\$22,621,408	\$ 1,481,313	\$ 627,675
2010	22,256,522	1,761,308	1,067,459
2009	22,738,345	2,732,016	1,422,925

NOTE 14 – SUBSEQUENT EVENTS

On December 21, 2011, the District issued \$51.0 million in refunding bonds with an effective interest rate of 2.5 percent, to advance refund \$51.0 million of outstanding general obligation bonds having an average interest rate of 4.2 percent. The net present value economic savings from the refunding is approximately \$2.0 million.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
(Required Supplementary Information)**

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Other local	\$ 12,918,252	\$ 12,918,252	\$ 12,967,778	\$ 49,526
Property taxes	109,315,067	109,315,067	118,265,589	8,950,522
State aid and grants	170,375,950	170,375,950	171,463,654	1,087,704
Federal aid, grants and reimbursements	2,291,978	2,291,978	2,291,978	
Total revenues	<u>294,901,247</u>	<u>294,901,247</u>	<u>304,988,999</u>	<u>10,087,752</u>
Expenditures:				
Regular education				
Instruction	108,492,338	94,942,574	78,903,410	16,039,164
Support services - students and staff	17,716,395	17,083,174	18,703,870	(1,620,696)
Support services - administration	20,622,138	27,586,090	32,239,785	(4,653,695)
Operation and maintenance of plant services	49,814,358	47,217,950	50,851,835	(3,633,885)
Operation of non-instructional services	462,293	455,973	468,756	(12,783)
Total regular education	<u>197,107,522</u>	<u>187,285,761</u>	<u>181,167,656</u>	<u>6,118,105</u>
Special education				
Instruction	41,929,908	36,829,323	30,628,089	6,201,234
Support services - students and staff	20,130,368	17,018,779	16,169,330	849,449
Support services - administration	527,099	458,974	504,437	(45,463)
Operation and maintenance of plant services	217,934	246,058	233,022	13,036
Total special education	<u>62,805,309</u>	<u>54,553,134</u>	<u>47,534,878</u>	<u>7,018,256</u>
Special education disability title 8				
Instruction	273,934	177,742	92,689	85,053
Support services - students and staff			64,248	(64,248)
Total special education disability title 8	<u>273,934</u>	<u>177,742</u>	<u>156,937</u>	<u>20,805</u>
Pupil transportation				
Student transportation services	16,000,000	17,380,402	18,065,227	(684,825)
Total pupil transportation	<u>16,000,000</u>	<u>17,380,402</u>	<u>18,065,227</u>	<u>(684,825)</u>
Desegregation				
Instruction	26,058,130	26,058,130	35,673,476	(9,615,346)
Support services - students and staff	13,168,421	13,168,421	12,114,965	1,053,456
Support services - administration	4,784,496	4,784,496	4,103,779	680,717
Operation and maintenance of plant services	5,100,000	5,100,000	3,638,569	1,461,431
Student transportation services	10,600,000	10,600,000	4,179,422	6,420,578
Total desegregation	<u>59,711,047</u>	<u>59,711,047</u>	<u>59,710,211</u>	<u>836</u>
Dropout prevention programs				
Instruction	49,912	49,912	49,912	
Support services - students and staff	717,498	717,497	717,498	(1)
Total dropout prevention programs	<u>767,410</u>	<u>767,409</u>	<u>767,410</u>	<u>(1)</u>
Debt services				
Claims and judgments	19,339	11,631		11,631
Total debt services	<u>19,339</u>	<u>11,631</u>		<u>11,631</u>
Total expenditures	<u>336,684,561</u>	<u>319,887,126</u>	<u>307,402,319</u>	<u>12,484,807</u>
Changes in fund balances	<u>(41,783,314)</u>	<u>(24,985,879)</u>	<u>(2,413,320)</u>	<u>22,572,559</u>
Fund balances, beginning of year	33,431,701	33,431,701	42,997,640	9,565,939
Increase (decrease) in reserve for inventory			(1,050,927)	(1,050,927)
Increase (decrease) in reserve for prepaid items			(13,086,310)	(13,086,310)
Fund balances (deficits), end of year	<u>\$ (8,351,613)</u>	<u>\$ 8,445,822</u>	<u>\$ 26,447,083</u>	<u>\$ 18,001,261</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, 2011

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Federal aid, grants and reimbursements	\$ 45,406,922	\$ 38,416,873	\$ 32,049,647	\$ (6,367,226)
Total revenues	<u>45,406,922</u>	<u>38,416,873</u>	<u>32,049,647</u>	<u>(6,367,226)</u>
Expenditures:				
Current expenditures				
Instruction	26,675,339	22,446,162	18,665,808	3,780,354
Support services - students and staff	9,236,131	7,771,811	6,462,892	1,308,919
Support services - administration	3,585,273	3,016,855	2,508,760	508,095
Operation and maintenance of plant services	2,086,586	1,755,773	1,460,068	295,705
Student transportation services	25,501	21,458	17,844	3,614
Total current expenditures	<u>41,608,830</u>	<u>35,012,059</u>	<u>29,115,372</u>	<u>5,896,687</u>
N/a				
Capital outlay	2,480,581	2,087,303	1,735,762	351,541
Total n/a	<u>2,480,581</u>	<u>2,087,303</u>	<u>1,735,762</u>	<u>351,541</u>
Total expenditures	<u>44,089,411</u>	<u>37,099,362</u>	<u>30,851,134</u>	<u>6,248,228</u>
Excess (deficiency) of revenues over expenditures	<u>1,317,511</u>	<u>1,317,511</u>	<u>1,198,513</u>	<u>(118,998)</u>
Other financing sources (uses):				
Transfers out	(1,317,511)	(1,317,511)	(1,317,511)	
Total other financing sources (uses):	<u>(1,317,511)</u>	<u>(1,317,511)</u>	<u>(1,317,511)</u>	
Changes in fund balances			<u>(118,998)</u>	<u>(118,998)</u>
Fund balances, beginning of year				
Increase (decrease) in reserve for prepaid items			118,998	118,998
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to this schedule.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exceptions: 1) a portion of the General Fund activity is budgeted for separately as special revenue and capital projects funds and 2) a portion of fiscal year 2011-12 insurance payments were charged against the fiscal year 2010-11 budget. Consequently, the following adjustments were necessary to present actual expenditures, increase (decrease) for prepaid items, fund balance at July 1, 2010, and fund balance at June 30, 2011 on a budgetary basis in order to provide a meaningful comparison.

<u>General Fund</u>	<u>Total Expenditures</u>	<u>Increase/ (Decrease) for Reserves</u>	<u>Fund Balance, June 30, 2011</u>	<u>Fund Balance, July 1, 2010</u>
Statement of Revenues, Expenditures and Changes in Fund Balances –				
Governmental Funds	\$ 313,919,030	\$(16,045,399)	\$ 44,189,704	\$ 58,107,750
Fiscal year 2011-12 activity budgeted as special revenue funds	(2,314,846)		(15,164,394)	(9,281,418)
Fiscal year 2011-12 activity budgeted as capital projects funds	(6,110,027)		(2,578,227)	(5,828,692)
Fiscal year 2011-12 insurance payments charged against fiscal year 2010-11 budget	<u>1,908,162</u>	<u>1,908,162</u>		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 307,402,319</u>	<u>\$(14,137,237)</u>	<u>\$ 26,447,083</u>	<u>\$ 42,997,640</u>

<u>Title I Grants Fund</u>	<u>Total Expenditures</u>
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	\$ 30,732,136
Fiscal year 2011-12 insurance payments charged against fiscal year 2010-11 budget	<u>118,998</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Title I Grants Fund	<u>\$ 30,851,134</u>

**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, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 24,041,547	\$ 12,930,074	\$ 36,971,621
Cash and investments-restricted		1,888,984	1,888,984
Property taxes receivable		859,649	859,649
Accounts receivable	175,419	23,503	198,922
Due from governmental entities	4,633,481	853,820	5,487,301
Due from other funds	350,698	13,418,409	13,769,107
Inventory	563,847		563,847
Total assets	<u>\$ 29,764,992</u>	<u>\$ 29,974,439</u>	<u>\$ 59,739,431</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,893,542	\$ 1,092,386	\$ 2,985,928
Due to other funds	1,051,584	1,513,352	2,564,936
Accrued payroll and employee benefits	1,247,866		1,247,866
Deferred revenues	1,536,998	791,872	2,328,870
Total liabilities	<u>5,729,990</u>	<u>3,397,610</u>	<u>9,127,600</u>
Fund balances (deficits):			
Nonspendable	563,847		563,847
Restricted	23,471,228	24,759,419	48,230,647
Committed		1,840,152	1,840,152
Unassigned	(73)	(22,742)	(22,815)
Total fund balances	<u>24,035,002</u>	<u>26,576,829</u>	<u>50,611,831</u>
 Total liabilities and fund balances	 <u>\$ 29,764,992</u>	 <u>\$ 29,974,439</u>	 <u>\$ 59,739,431</u>

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, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 9,345,403	\$ 98,598	\$ 9,444,001
Property taxes		24,212,798	24,212,798
State aid and grants	16,273,882	3,888,423	20,162,305
Federal aid, grants and reimbursements	49,414,226		49,414,226
Total revenues	<u>75,033,511</u>	<u>28,199,819</u>	<u>103,233,330</u>
Expenditures:			
Current -			
Instruction	39,118,721		39,118,721
Support services - students and staff	13,752,657		13,752,657
Support services - administration	787,132	3,366	790,498
Operation and maintenance of plant services	656,833		656,833
Student transportation services	82,344		82,344
Operation of non-instructional services	18,115,982		18,115,982
Capital outlay	3,368,372	9,425,923	12,794,295
Debt service -			
Principal retirement		1,288,946	1,288,946
Interest and fiscal charges		136,128	136,128
Total expenditures	<u>75,882,041</u>	<u>10,854,363</u>	<u>86,736,404</u>
Excess (deficiency) of revenues over expenditures	<u>(848,530)</u>	<u>17,345,456</u>	<u>16,496,926</u>
Other financing sources (uses):			
Transfers out	(1,211,803)		(1,211,803)
Proceeds from sale of capital assets		1,728,172	1,728,172
Total other financing sources (uses):	<u>(1,211,803)</u>	<u>1,728,172</u>	<u>516,369</u>
Changes in fund balances	<u>(2,060,333)</u>	<u>19,073,628</u>	<u>17,013,295</u>
Fund balances, beginning of year	25,987,582	7,503,201	33,490,783
Increase (decrease) in reserved fund balance	107,753		107,753
Fund balances, end of year	<u>\$ 24,035,002</u>	<u>\$ 26,576,829</u>	<u>\$ 50,611,831</u>

SPECIAL REVENUE FUNDS

The following Special Revenue Funds are maintained by the District. Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR) require the establishment of these funds for the specified financial activities.

Classroom Site - to account 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.

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.

Compensatory Instruction - to account for monies received for programs in addition to normal classroom instruction to improve the English proficiency of current 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 and 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.

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

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.

Gifted - to account for financial assistance received for programs for gifted students.

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

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.

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.

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.

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

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.

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

Textbooks - to account for monies received from students to replace or repair lost or damaged textbooks.

SPECIAL REVENUE FUNDS
(Concluded)

Litigation Recovery - to account for monies received for and derived from litigation.

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

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

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

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, 2011

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<u>ASSETS</u>			
Cash and investments	\$ 4,033,579	\$ 4,711,792	\$
Accounts receivable			15,196
Due from governmental entities	2,238,900	848,192	
Due from other funds	116,184		
Inventory			
Total assets	\$ 6,388,663	\$ 5,559,984	\$ 15,196
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 2,490
Due to other funds			12,628
Accrued payroll and employee benefits		76,419	
Deferred revenues			
Total liabilities	\$	76,419	\$ 15,118
Fund balances (deficits):			
Nonspendable			
Restricted	6,388,663	5,483,565	78
Unassigned			
Total fund balances	6,388,663	5,483,565	78
Total liabilities and fund balances	\$ 6,388,663	\$ 5,559,984	\$ 15,196

<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>
\$ 767,691	\$ 324,367	\$	\$ 577,541	\$	\$ 221,177
20,256	10,167	382,608		47,049	484,897 98,933
<u>\$ 787,947</u>	<u>\$ 334,534</u>	<u>\$ 382,608</u>	<u>\$ 577,541</u>	<u>\$ 47,049</u>	<u>\$ 805,007</u>
\$ 115,330	\$ 4,636	\$ 75,336	\$ 152,223	\$ 4,183	\$ 210,042
106,799	23,371	268,789	79,848	42,866	25,239
565,818	306,527	38,483	345,470		569,726
<u>787,947</u>	<u>334,534</u>	<u>382,608</u>	<u>577,541</u>	<u>47,049</u>	<u>805,007</u>
<u>\$ 787,947</u>	<u>\$ 334,534</u>	<u>\$ 382,608</u>	<u>\$ 577,541</u>	<u>\$ 47,049</u>	<u>\$ 805,007</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Johnson O'Malley	Vocational Education	Homeless Education
<u>ASSETS</u>			
Cash and investments	\$	\$ 122,719	\$
Accounts receivable			
Due from governmental entities	6,881		5,580
Due from other funds			
Inventory			
Total assets	\$ 6,881	\$ 122,719	\$ 5,580
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 29,975	\$
Due to other funds	6,881		5,580
Accrued payroll and employee benefits		5,585	
Deferred revenues		87,159	
Total liabilities	6,881	122,719	5,580
Fund balances (deficits):			
Nonspendable			
Restricted			
Unassigned			
Total fund balances			
Total liabilities and fund balances	\$ 6,881	\$ 122,719	\$ 5,580

<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Chemical Abuse Prevention Programs</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>
\$	\$ 143,765	\$ 105,117	\$ 115,793	\$ 3,411,051	\$ 2,234,788
204,514				414,860	34,413
				62,693	
				563,847	
<u>\$ 204,514</u>	<u>\$ 143,765</u>	<u>\$ 105,117</u>	<u>\$ 115,793</u>	<u>\$ 4,452,451</u>	<u>\$ 2,269,201</u>
\$ 25,964	\$ 55,985	\$ 200	\$ 55,812	\$ 41,879	\$ 63,572
170,274				500,000	
8,276	20,654			141,195	
	67,126	104,917	59,981		
<u>204,514</u>	<u>143,765</u>	<u>105,117</u>	<u>115,793</u>	<u>683,074</u>	<u>63,572</u>
				563,847	
				3,205,530	2,205,629
				<u>3,769,377</u>	<u>2,205,629</u>
<u>\$ 204,514</u>	<u>\$ 143,765</u>	<u>\$ 105,117</u>	<u>\$ 115,793</u>	<u>\$ 4,452,451</u>	<u>\$ 2,269,201</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Career, Technical and Vocational Education</u>
<u>ASSETS</u>			
Cash and investments	\$ 973,799	\$ 5,345,677	\$ 1,205
Accounts receivable	60,435	32,713	
Due from governmental entities			
Due from other funds	17,339		
Inventory			
Total assets	<u><u>\$ 1,051,573</u></u>	<u><u>\$ 5,378,390</u></u>	<u><u>\$ 1,205</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 19,560	\$ 734,779	\$
Due to other funds			
Accrued payroll and employee benefits	56,818		
Deferred revenues			
Total liabilities	<u>76,378</u>	<u>734,779</u>	
Fund balances (deficits):			
Nonspendable			
Restricted	975,195	4,643,611	1,205
Unassigned			
Total fund balances	<u>975,195</u>	<u>4,643,611</u>	<u>1,205</u>
Total liabilities and fund balances	<u><u>\$ 1,051,573</u></u>	<u><u>\$ 5,378,390</u></u>	<u><u>\$ 1,205</u></u>

<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
\$	\$ 157,650	\$ 32,662	\$ 793,836	\$ 24,041,547
				175,419
				4,633,481
			25,126	350,698
				563,847
<u>\$</u>	<u>\$ 157,650</u>	<u>\$ 32,662</u>	<u>\$ 818,962</u>	<u>\$ 29,764,992</u>
\$	\$	\$	\$	\$
73		19,254	301,576	1,893,542
				1,051,584
			120,692	1,247,866
				1,536,998
<u>73</u>		<u>19,254</u>	<u>422,268</u>	<u>5,729,990</u>
				563,847
	157,650	13,408	396,694	23,471,228
<u>(73)</u>				<u>(73)</u>
<u>(73)</u>	<u>157,650</u>	<u>13,408</u>	<u>396,694</u>	<u>24,035,002</u>
<u>\$</u>	<u>\$ 157,650</u>	<u>\$ 32,662</u>	<u>\$ 818,962</u>	<u>\$ 29,764,992</u>

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, 2011

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
Revenues:			
Other local	\$ 20,396	\$ 16,675	\$ 27,232
State aid and grants	12,669,575	1,998,744	
Federal aid, grants and reimbursements			
Total revenues	<u>12,689,971</u>	<u>2,015,419</u>	<u>27,232</u>
Expenditures:			
Current -			
Instruction	11,694,635		15,405
Support services - students and staff	1,177,602		9,259
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			2,490
Total expenditures	<u>12,872,237</u>	<u> </u>	<u>27,154</u>
Excess (deficiency) of revenues over expenditures	<u>(182,266)</u>	<u>2,015,419</u>	<u>78</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>(182,266)</u>	<u>2,015,419</u>	<u>78</u>
Fund balances, beginning of year	6,570,929	3,468,146	
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 6,388,663</u>	<u>\$ 5,483,565</u>	<u>\$ 78</u>

Professional Development and Technology Grants	Title IV Grants	Promote Informed Parent Choice	Limited English & Immigrant Students	Indian Education	Special Education Grants
\$	\$	\$	\$	\$	\$
3,554,986	1,379,337	1,249,515	1,506,941	418,529	15,920,774
<u>3,554,986</u>	<u>1,379,337</u>	<u>1,249,515</u>	<u>1,506,941</u>	<u>418,529</u>	<u>15,920,774</u>
10,145	808,146	217,694	468,285	249,723	11,721,529
3,193,765	410,645	505,833	812,016	148,310	3,394,659
180,939	74,368	134,807		2,396	123,335
	13,266	26,132	2,180	358	11,000
	17,722	300	180		
69,746	15,703	332,092	198,988	5,799	215,873
<u>3,454,595</u>	<u>1,339,850</u>	<u>1,216,858</u>	<u>1,481,649</u>	<u>406,586</u>	<u>15,466,396</u>
100,391	39,487	32,657	25,292	11,943	454,378
(100,391)	(39,487)	(32,657)	(25,292)	(11,943)	(454,378)
<u>(100,391)</u>	<u>(39,487)</u>	<u>(32,657)</u>	<u>(25,292)</u>	<u>(11,943)</u>	<u>(454,378)</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, 2011

	Johnson O'Malley	Vocational Education	Homeless Education
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	55,893	1,288,016	116,775
Total revenues	55,893	1,288,016	116,775
Expenditures:			
Current -			
Instruction	38,796	96,894	6,826
Support services - students and staff	13,539	456,904	99,424
Support services - administration	1,463	30,665	274
Operation and maintenance of plant services			554
Student transportation services		2,100	
Operation of non-instructional services			
Capital outlay		682,293	6,148
Total expenditures	53,798	1,268,856	113,226
Excess (deficiency) of revenues over expenditures	2,095	19,160	3,549
Other financing sources (uses):			
Transfers out	(2,095)	(19,160)	(3,549)
Total other financing sources (uses):	(2,095)	(19,160)	(3,549)
Changes in fund balances			
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$	\$	\$

Other Federal Projects	State Vocational Education	Chemical Abuse Prevention Programs	Gifted	Other State Projects	Food Service
\$	\$	\$	\$	\$	\$
	539,323	78,850	4,173	983,217	2,452,138
7,175,234					16,473,993
<u>7,175,234</u>	<u>539,323</u>	<u>78,850</u>	<u>4,173</u>	<u>983,217</u>	<u>18,926,131</u>
6,576,757	306,500	2,008	4,173	322,523	
432,170	181,130	27,710		159,793	
87,902	1,822	48,806			
61	27,212			491,257	
1,915	1,020				
53,578	21,639	326		9,644	17,946,739
<u>7,152,383</u>	<u>539,323</u>	<u>78,850</u>	<u>4,173</u>	<u>983,217</u>	<u>196,427</u>
					18,143,166
<u>22,851</u>					<u>782,965</u>
(22,851)					(500,000)
<u>(22,851)</u>					<u>(500,000)</u>
					282,965
					3,378,659
					107,753
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,769,377</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, 2011

	Civic Center	Community School	Extracurricular Activities Fees Tax Credit
Revenues:			
Other local	\$ 673,249	\$ 2,069,651	\$ 2,986,856
State aid and grants			
Federal aid, grants and reimbursements		274,233	
Total revenues	673,249	2,343,884	2,986,856
Expenditures:			
Current -			
Instruction	11,195	1,208,306	2,780,122
Support services - students and staff	2,634	1,271,453	47,860
Support services - administration	360	3,559	
Operation and maintenance of plant services		14,319	
Student transportation services		12,273	518
Operation of non-instructional services			169,243
Capital outlay	12,674	6,571	
Total expenditures	26,863	2,516,481	2,997,743
Excess (deficiency) of revenues over expenditures	646,386	(172,597)	(10,887)
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	646,386	(172,597)	(10,887)
Fund balances, beginning of year	1,559,243	1,147,792	4,654,498
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ 2,205,629	\$ 975,195	\$ 4,643,611

Career, Technical and Vocational Education	Fingerprint	Textbooks	Insurance Refund	Joint Technical Education	Totals
\$ 986	\$ 16,024	\$ 29,980	\$ 115,812	\$ 936,404	\$ 9,345,403
<u>986</u>	<u>16,024</u>	<u>29,980</u>	<u>115,812</u>	<u>936,404</u>	<u>16,273,882</u>
					<u>49,414,226</u>
					<u>75,033,511</u>
1,052		15,897	102,404	2,459,706	39,118,721
		6,164		1,401,787	13,752,657
				96,436	787,132
				70,494	656,833
				46,316	82,344
					18,115,982
	16,168			1,522,213	3,368,372
<u>1,052</u>	<u>16,168</u>	<u>22,061</u>	<u>102,404</u>	<u>5,596,952</u>	<u>75,882,041</u>
<u>(66)</u>	<u>(144)</u>	<u>7,919</u>	<u>13,408</u>	<u>(4,660,548)</u>	<u>(848,530)</u>
					(1,211,803)
					<u>(1,211,803)</u>
<u>(66)</u>	<u>(144)</u>	<u>7,919</u>	<u>13,408</u>	<u>(4,660,548)</u>	<u>(2,060,333)</u>
1,271	71	149,731		5,057,242	25,987,582
					107,753
<u>\$ 1,205</u>	<u>\$ (73)</u>	<u>\$ 157,650</u>	<u>\$ 13,408</u>	<u>\$ 396,694</u>	<u>\$ 24,035,002</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, 2011

	Classroom Site		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 20,396	\$ 20,396
State aid and grants	13,891,278	12,669,575	(1,221,703)
Federal aid, grants and reimbursements			
Total revenues	<u>13,891,278</u>	<u>12,689,971</u>	<u>(1,201,307)</u>
Expenditures:			
Current -			
Instruction	21,799,241	11,795,619	10,003,622
Support services - students and staff	2,930,702	1,190,807	1,739,895
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>24,729,943</u>	<u>12,986,426</u>	<u>11,743,517</u>
Excess (deficiency) of revenues over expenditures	<u>(10,838,665)</u>	<u>(296,455)</u>	<u>10,542,210</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(10,838,665)</u>	<u>(296,455)</u>	<u>10,542,210</u>
Fund balances, beginning of year	5,369,621	6,570,929	1,201,308
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		114,189	114,189
Fund balances (deficits), end of year	<u>\$ (5,469,044)</u>	<u>\$ 6,388,663</u>	<u>\$ 11,857,707</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 2,015,420	\$ 16,675 1,998,744	\$ 16,675 (16,676)	\$ 27,231	\$ 27,232	\$ 1
<u>2,015,420</u>	<u>2,015,419</u>	<u>(1)</u>	<u>27,231</u>	<u>27,232</u>	<u>1</u>
2,600,000		2,600,000		15,482 9,259	(15,482) (9,259)
<u>2,600,000</u>		<u>2,600,000</u>		<u>2,490</u> <u>27,231</u>	<u>(2,490)</u> <u>(27,231)</u>
<u>(584,580)</u>	<u>2,015,419</u>	<u>2,599,999</u>	<u>27,231</u>	<u>1</u>	<u>(27,230)</u>
<u>(584,580)</u>	<u>2,015,419</u>	<u>2,599,999</u>	<u>27,231</u>	<u>1</u>	<u>(27,230)</u>
3,468,146	3,468,146				
				77	77
<u>\$ 2,883,566</u>	<u>\$ 5,483,565</u>	<u>\$ 2,599,999</u>	<u>\$ 27,231</u>	<u>\$ 78</u>	<u>\$ (27,153)</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, 2011

	Professional Development and Technology Grants		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	6,926,517	3,554,986	(3,371,531)
Total revenues	6,926,517	3,554,986	(3,371,531)
Expenditures:			
Current -			
Instruction	19,929	10,145	9,784
Support services - students and staff	6,310,844	3,212,547	3,098,297
Support services - administration	358,341	182,414	175,927
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	137,012	69,746	67,266
Total expenditures	6,826,126	3,474,852	3,351,274
Excess (deficiency) of revenues over expenditures	100,391	80,134	(20,257)
Other financing sources (uses):			
Transfers in			
Transfers out	(100,391)	(100,391)	
Total other financing sources (uses):	(100,391)	(100,391)	
Changes in fund balances		(20,257)	(20,257)
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		20,257	20,257
Fund balances, end of year	\$	\$	\$

Title IV Grants			Promote Informed Parent Choice		
<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>
\$	\$	\$	\$	\$	\$
1,689,792	1,379,337	(310,455)	241,897	1,249,515	1,007,618
<u>1,689,792</u>	<u>1,379,337</u>	<u>(310,455)</u>	<u>241,897</u>	<u>1,249,515</u>	<u>1,007,618</u>
995,519	814,375	181,144	37,453	218,450	(180,997)
505,932	413,873	92,059	87,065	507,809	(420,744)
91,560	74,900	16,660	23,254	135,634	(112,380)
16,333	13,361	2,972	4,480	26,132	(21,652)
21,765	17,805	3,960	51	300	(249)
19,196	15,703	3,493	56,937	332,092	(275,155)
<u>1,650,305</u>	<u>1,350,017</u>	<u>300,288</u>	<u>209,240</u>	<u>1,220,417</u>	<u>(1,011,177)</u>
39,487	29,320	(10,167)	32,657	29,098	(3,559)
(39,487)	(39,487)		(32,657)	(32,657)	
<u>(39,487)</u>	<u>(39,487)</u>		<u>(32,657)</u>	<u>(32,657)</u>	
	(10,167)	(10,167)		(3,559)	(3,559)
	10,167	10,167		3,559	3,559
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Limited English & Immigrant Students		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	1,868,526	1,506,941	(361,585)
Total revenues	1,868,526	1,506,941	(361,585)
Expenditures:			
Current -			
Instruction	581,485	469,708	111,777
Support services - students and staff	1,012,486	817,860	194,626
Support services - administration			
Operation and maintenance of plant services	2,699	2,180	519
Student transportation services	223	180	43
Operation of non-instructional services			
Capital outlay	246,341	198,988	47,353
Total expenditures	1,843,234	1,488,916	354,318
Excess (deficiency) of revenues over expenditures	25,292	18,025	(7,267)
Other financing sources (uses):			
Transfers in			
Transfers out	(25,292)	(25,292)	
Total other financing sources (uses):	(25,292)	(25,292)	
Changes in fund balances		(7,267)	(7,267)
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		7,267	7,267
Fund balances, end of year	\$	\$	\$

Indian Education			Special Education Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
421,232	418,529	(2,703)	16,591,471	15,920,774	(670,697)
<u>421,232</u>	<u>418,529</u>	<u>(2,703)</u>	<u>16,591,471</u>	<u>15,920,774</u>	<u>(670,697)</u>
251,596	251,595	1	12,234,716	11,801,307	433,409
149,140	149,140		3,538,441	3,413,094	125,347
2,396	2,396		128,731	124,171	4,560
358	358		11,404	11,000	404
5,799	5,799		223,801	215,873	7,928
<u>409,289</u>	<u>409,288</u>	<u>1</u>	<u>16,137,093</u>	<u>15,565,445</u>	<u>571,648</u>
11,943	9,241	(2,702)	454,378	355,329	(99,049)
(11,943)	(11,943)		(454,378)	(454,378)	
<u>(11,943)</u>	<u>(11,943)</u>		<u>(454,378)</u>	<u>(454,378)</u>	
	(2,702)	(2,702)		(99,049)	(99,049)
	2,702	2,702		99,049	99,049
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	56,235	55,893	(342)
Total revenues	<u>56,235</u>	<u>55,893</u>	<u>(342)</u>
Expenditures:			
Current -			
Instruction	39,121	39,080	41
Support services - students and staff	13,554	13,539	15
Support services - administration	1,465	1,463	2
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>54,140</u>	<u>54,082</u>	<u>58</u>
Excess (deficiency) of revenues over expenditures	<u>2,095</u>	<u>1,811</u>	<u>(284)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(2,095)	(2,095)	
Total other financing sources (uses):	<u>(2,095)</u>	<u>(2,095)</u>	
Changes in fund balances		(284)	(284)
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		284	284
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Vocational Education			Homeless Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
<u>1,691,076</u>	<u>1,288,016</u>	<u>(403,060)</u>	<u>170,239</u>	<u>116,775</u>	<u>(53,464)</u>
<u>1,691,076</u>	<u>1,288,016</u>	<u>(403,060)</u>	<u>170,239</u>	<u>116,775</u>	<u>(53,464)</u>
127,362	96,894	30,468	9,983	6,826	3,157
604,424	459,833	144,591	146,504	100,172	46,332
40,536	30,839	9,697	401	274	127
			810	554	256
2,760	2,100	660			
<u>896,834</u>	<u>682,293</u>	<u>214,541</u>	<u>8,992</u>	<u>6,148</u>	<u>2,844</u>
<u>1,671,916</u>	<u>1,271,959</u>	<u>399,957</u>	<u>166,690</u>	<u>113,974</u>	<u>52,716</u>
<u>19,160</u>	<u>16,057</u>	<u>(3,103)</u>	<u>3,549</u>	<u>2,801</u>	<u>(748)</u>
<u>(19,160)</u>	<u>(19,160)</u>		<u>(3,549)</u>	<u>(3,549)</u>	
<u>(19,160)</u>	<u>(19,160)</u>		<u>(3,549)</u>	<u>(3,549)</u>	
	<u>(3,103)</u>	<u>(3,103)</u>		<u>(748)</u>	<u>(748)</u>
	3,103	3,103		748	748
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		2,080,068	2,080,068
Total revenues		2,080,068	2,080,068
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			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		2,080,068	2,080,068
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		2,080,068	2,080,068
Fund balances, beginning of year		2,822,211	2,822,211
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items			
Fund balances, end of year	\$	\$ 4,902,279	\$ 4,902,279

Impact Aid			Other Federal Projects		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
1,016,666	1,365,887	349,221	13,434,132	7,175,234	(6,258,898)
<u>1,016,666</u>	<u>1,365,887</u>	<u>349,221</u>	<u>13,434,132</u>	<u>7,175,234</u>	<u>(6,258,898)</u>
1,016,666		1,016,666	12,326,191	6,578,317	5,747,874
			815,183	435,052	380,131
			165,813	88,492	77,321
			114	61	53
			3,588	1,915	1,673
			<u>100,392</u>	<u>53,578</u>	<u>46,814</u>
<u>1,016,666</u>		<u>1,016,666</u>	<u>13,411,281</u>	<u>7,157,415</u>	<u>6,253,866</u>
	<u>1,365,887</u>	<u>1,365,887</u>	<u>22,851</u>	<u>17,819</u>	<u>(5,032)</u>
			<u>(22,851)</u>	<u>(22,851)</u>	
			<u>(22,851)</u>	<u>(22,851)</u>	
	<u>1,365,887</u>	<u>1,365,887</u>		<u>(5,032)</u>	<u>(5,032)</u>
				5,032	5,032
<u>\$</u>	<u>\$ 1,365,887</u>	<u>\$ 1,365,887</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	State Vocational Education		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants	556,282	539,323	(16,959)
Federal aid, grants and reimbursements			
Total revenues	<u>556,282</u>	<u>539,323</u>	<u>(16,959)</u>
Expenditures:			
Current -			
Instruction	316,201	308,030	8,171
Support services - students and staff	187,017	182,184	4,833
Support services - administration	1,870	1,822	48
Operation and maintenance of plant services	27,934	27,212	722
Student transportation services	1,047	1,020	27
Operation of non-instructional services			
Capital outlay	22,213	21,639	574
Total expenditures	<u>556,282</u>	<u>541,907</u>	<u>14,375</u>
Excess (deficiency) of revenues over expenditures		<u>(2,584)</u>	<u>(2,584)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		<u>(2,584)</u>	<u>(2,584)</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		2,584	2,584
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Chemical Abuse Prevention Programs			Gifted		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 81,417	\$ 78,850	\$ (2,567)	\$ 4,173	\$ 4,173	\$
<u>81,417</u>	<u>78,850</u>	<u>(2,567)</u>	<u>4,173</u>	<u>4,173</u>	
2,064	2,008	56	4,173	4,173	
28,487	27,710	777			
50,531	49,151	1,380			
<u>335</u>	<u>326</u>	<u>9</u>			
<u>81,417</u>	<u>79,195</u>	<u>2,222</u>	<u>4,173</u>	<u>4,173</u>	
	<u>(345)</u>	<u>(345)</u>			
	<u>(345)</u>	<u>(345)</u>			
	345	345			
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2011

	Other State Projects		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants	2,143,782	983,217	(1,160,565)
Federal aid, grants and reimbursements			
Total revenues	<u>2,143,782</u>	<u>983,217</u>	<u>(1,160,565)</u>
Expenditures:			
Current -			
Instruction	703,047	322,985	380,062
Support services - students and staff	350,416	160,984	189,432
Support services - administration			
Operation and maintenance of plant services	1,069,327	491,257	578,070
Student transportation services			
Operation of non-instructional services			
Capital outlay	20,992	9,644	11,348
Total expenditures	<u>2,143,782</u>	<u>984,870</u>	<u>1,158,912</u>
Excess (deficiency) of revenues over expenditures		<u>(1,653)</u>	<u>(1,653)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		<u>(1,653)</u>	<u>(1,653)</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		1,653	1,653
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Food Service			Civic Center		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 18,483,186	\$ 2,452,138	\$ (16,031,048)	\$ 673,250	\$ 673,249	\$ (1)
	16,473,993	16,473,993			
<u>18,483,186</u>	<u>18,926,131</u>	<u>442,945</u>	<u>673,250</u>	<u>673,249</u>	<u>(1)</u>
			793,461	11,600	781,861
			209,788	3,067	206,721
			24,625	360	24,265
19,289,531	18,009,358	1,280,173			
210,469	196,501	13,968	972,126	14,212	957,914
<u>19,500,000</u>	<u>18,205,859</u>	<u>1,294,141</u>	<u>2,000,000</u>	<u>29,239</u>	<u>1,970,761</u>
<u>(1,016,814)</u>	<u>720,272</u>	<u>1,737,086</u>	<u>(1,326,750)</u>	<u>644,010</u>	<u>1,970,760</u>
<u>(500,000)</u>	<u>(500,000)</u>				
<u>(500,000)</u>	<u>(500,000)</u>				
<u>(1,516,814)</u>	<u>220,272</u>	<u>1,737,086</u>	<u>(1,326,750)</u>	<u>644,010</u>	<u>1,970,760</u>
2,922,565	3,378,659	456,094	1,559,243	1,559,243	
	107,753	107,753			
	62,693	62,693		2,376	2,376
<u>\$ 1,405,751</u>	<u>\$ 3,769,377</u>	<u>\$ 2,363,626</u>	<u>\$ 232,493</u>	<u>\$ 2,205,629</u>	<u>\$ 1,973,136</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, 2011

	Community School		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 2,385,728	\$ 2,069,651	\$ (316,077)
State aid and grants			
Federal aid, grants and reimbursements		274,233	274,233
Total revenues	<u>2,385,728</u>	<u>2,343,884</u>	<u>(41,844)</u>
Expenditures:			
Current -			
Instruction	1,679,641	1,215,975	463,666
Support services - students and staff	1,769,473	1,281,008	488,465
Support services - administration	4,944	3,579	1,365
Operation and maintenance of plant services	19,898	14,405	5,493
Student transportation services	16,967	12,283	4,684
Operation of non-instructional services			
Capital outlay	9,077	6,571	2,506
Total expenditures	<u>3,500,000</u>	<u>2,533,821</u>	<u>966,179</u>
Excess (deficiency) of revenues over expenditures	<u>(1,114,272)</u>	<u>(189,937)</u>	<u>924,335</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,114,272)</u>	<u>(189,937)</u>	<u>924,335</u>
Fund balances, beginning of year	1,147,942	1,147,792	(150)
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		17,340	17,340
Fund balances (deficits), end of year	<u>\$ 33,670</u>	<u>\$ 975,195</u>	<u>\$ 941,525</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 765,841	\$ 758,747	\$ (7,094)	\$ 3,277,784	\$ 2,986,856	\$ (290,928)
<u>765,841</u>	<u>758,747</u>	<u>(7,094)</u>	<u>3,277,784</u>	<u>2,986,856</u>	<u>(290,928)</u>
1,158,403	562,753	595,650	6,955,539	2,780,132	4,175,407
473,793	230,169	243,624	119,740	47,860	71,880
38,575	18,740	19,835			
24,981	12,136	12,845			
2,190	1,064	1,126	1,296	518	778
			423,425	169,243	254,182
<u>2,058</u>	<u>1,000</u>	<u>1,058</u>	<u>7,500,000</u>	<u>2,997,753</u>	<u>4,502,247</u>
<u>1,700,000</u>	<u>825,862</u>	<u>874,138</u>	<u>(4,222,216)</u>	<u>(10,897)</u>	<u>4,211,319</u>
<u>(934,159)</u>	<u>(67,115)</u>	<u>867,044</u>			
<u>(934,159)</u>	<u>(67,115)</u>	<u>867,044</u>	<u>(4,222,216)</u>	<u>(10,897)</u>	<u>4,211,319</u>
791,208	791,208		4,640,510	4,654,498	13,988
				10	10
<u>\$ (142,951)</u>	<u>\$ 724,093</u>	<u>\$ 867,044</u>	<u>\$ 418,294</u>	<u>\$ 4,643,611</u>	<u>\$ 4,225,317</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, 2011

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$ 829,942	\$ 796,222	\$ (33,720)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>829,942</u>	<u>796,222</u>	<u>(33,720)</u>
Expenditures:			
Current -			
Instruction	1,235,003	329,818	905,185
Support services - students and staff	659,793	176,203	483,590
Support services - administration	258,416	69,012	189,404
Operation and maintenance of plant services	90,018	24,040	65,978
Student transportation services	86,371	23,066	63,305
Operation of non-instructional services	3,112	831	2,281
Capital outlay	867,287	231,616	635,671
Total expenditures	<u>3,200,000</u>	<u>854,586</u>	<u>2,345,414</u>
Excess (deficiency) of revenues over expenditures	<u>(2,370,058)</u>	<u>(58,364)</u>	<u>2,311,694</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,370,058)</u>	<u>(58,364)</u>	<u>2,311,694</u>
Fund balances, beginning of year	1,825,421	1,825,588	167
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		2,197	2,197
Fund balances (deficits), end of year	<u>\$ (544,637)</u>	<u>\$ 1,769,421</u>	<u>\$ 2,314,058</u>

<u>Career, Technical and Vocational Education</u>			<u>Fingerprint</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$ 986	\$ 986	\$	\$ 16,024	\$ 16,024	\$
<u>986</u>	<u>986</u>	<u></u>	<u>16,024</u>	<u>16,024</u>	<u></u>
3,000	1,052	1,948			
<u>3,000</u>	<u>1,052</u>	<u>1,948</u>	<u>35,000</u>	<u>16,168</u>	<u>18,832</u>
<u>(2,014)</u>	<u>(66)</u>	<u>1,948</u>	<u>(18,976)</u>	<u>(144)</u>	<u>18,832</u>
<u>(2,014)</u>	<u>(66)</u>	<u>1,948</u>	<u>(18,976)</u>	<u>(144)</u>	<u>18,832</u>
1,271	1,271		71	71	
<u>\$ (743)</u>	<u>\$ 1,205</u>	<u>\$ 1,948</u>	<u>\$ (18,905)</u>	<u>\$ (73)</u>	<u>\$ 18,832</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, 2011

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$ 29,363	\$ 29,363	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>29,363</u>	<u>29,363</u>	
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	95,704	4,839	90,865
Student transportation services			
Operation of non-instructional services			
Capital outlay	404,296	20,442	383,854
Total expenditures	<u>500,000</u>	<u>25,281</u>	<u>474,719</u>
Excess (deficiency) of revenues over expenditures	<u>(470,637)</u>	<u>4,082</u>	<u>474,719</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(470,637)</u>	<u>4,082</u>	<u>474,719</u>
Fund balances, beginning of year	295,243	295,243	
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items			
Fund balances (deficits), end of year	<u>\$ (175,394)</u>	<u>\$ 299,325</u>	<u>\$ 474,719</u>

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 29,981	\$ 29,980	\$ (1)	\$ 622	\$ 622	\$
<u>29,981</u>	<u>29,980</u>	<u>(1)</u>	<u>622</u>	<u>622</u>	
144,119	15,897	128,222	500,000		500,000
55,881	6,164	49,717			
<u>200,000</u>	<u>22,061</u>	<u>177,939</u>	<u>500,000</u>		<u>500,000</u>
<u>(170,019)</u>	<u>7,919</u>	<u>177,938</u>	<u>(499,378)</u>	<u>622</u>	<u>500,000</u>
<u>(170,019)</u>	<u>7,919</u>	<u>177,938</u>	<u>(499,378)</u>	<u>622</u>	<u>500,000</u>
149,731	149,731		183,498	183,498	
<u>\$ (20,288)</u>	<u>\$ 157,650</u>	<u>\$ 177,938</u>	<u>\$ (315,880)</u>	<u>\$ 184,120</u>	<u>\$ 500,000</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, 2011

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$ 10,533	\$ 10,533	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>10,533</u>	<u>10,533</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			
Capital outlay	3,700,000	12,418	3,687,582
Total expenditures	<u>3,700,000</u>	<u>12,418</u>	<u>3,687,582</u>
Excess (deficiency) of revenues over expenditures	<u>(3,689,467)</u>	<u>(1,885)</u>	<u>3,687,582</u>
Other financing sources (uses):			
Transfers in	2,529,314	2,529,314	
Transfers out			
Total other financing sources (uses):	<u>2,529,314</u>	<u>2,529,314</u>	
Changes in fund balances	<u>(1,160,153)</u>	<u>2,527,429</u>	<u>3,687,582</u>
Fund balances, beginning of year	3,104,403	3,104,403	
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		12,235	12,235
Fund balances (deficits), end of year	<u>\$ 1,944,250</u>	<u>\$ 5,644,067</u>	<u>\$ 3,699,817</u>

Insurance Refund			Advertisement		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 115,812	\$ 115,812	\$ 2	\$	\$ (2)
	<u>115,812</u>	<u>115,812</u>	<u>2</u>		<u>(2)</u>
	103,164	(103,164)			
			1,000,000	10,737	989,263
	<u>103,164</u>	<u>(103,164)</u>	<u>1,000,000</u>	<u>10,737</u>	<u>989,263</u>
	<u>12,648</u>	<u>12,648</u>	<u>(999,998)</u>	<u>(10,737)</u>	<u>989,261</u>
	<u>12,648</u>	<u>12,648</u>	<u>(999,998)</u>	<u>(10,737)</u>	<u>989,261</u>
			10,737	10,737	
	760	760			
<u>\$</u>	<u>\$ 13,408</u>	<u>\$ 13,408</u>	<u>\$ (989,261)</u>	<u>\$</u>	<u>\$ 989,261</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, 2011

	Joint Technical Education		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 936,404	\$ 936,404	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>936,404</u>	<u>936,404</u>	
Expenditures:			
Current -			
Instruction	3,168,731	2,474,285	694,446
Support services - students and staff	1,807,604	1,411,457	396,147
Support services - administration	124,372	97,115	27,257
Operation and maintenance of plant services	90,339	70,541	19,798
Student transportation services	59,315	46,316	12,999
Operation of non-instructional services			
Capital outlay	1,949,639	1,522,364	427,275
Total expenditures	<u>7,200,000</u>	<u>5,622,078</u>	<u>1,577,922</u>
Excess (deficiency) of revenues over expenditures	<u>(6,263,596)</u>	<u>(4,685,674)</u>	<u>1,577,922</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(6,263,596)</u>	<u>(4,685,674)</u>	<u>1,577,922</u>
Fund balances, beginning of year	5,057,242	5,057,242	
Increase (decrease) in reserve for inventory			
Increase (decrease) in reserve for prepaid items		25,126	25,126
Fund balances (deficits), end of year	<u>\$ (1,206,354)</u>	<u>\$ 396,694</u>	<u>\$ 1,603,048</u>

District Services			Intergovernmental Agreements		
<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>
\$ 679,338	\$ 394,107	\$ (285,231)	\$ 232,959	\$ 232,959	\$
<u>679,338</u>	<u>394,107</u>	<u>(285,231)</u>	<u>232,959</u>	<u>232,959</u>	
1,000,200	366,166	634,034	146,985	99,756	47,229
			203,015	137,782	65,233
<u>1,000,200</u>	<u>366,166</u>	<u>634,034</u>	<u>350,000</u>	<u>237,538</u>	<u>112,462</u>
<u>(320,862)</u>	<u>27,941</u>	<u>348,803</u>	<u>(117,041)</u>	<u>(4,579)</u>	<u>112,462</u>
<u>(320,862)</u>	<u>27,941</u>	<u>348,803</u>	<u>(117,041)</u>	<u>(4,579)</u>	<u>112,462</u>
298	151	(147)	248,378	248,379	1
	3,310	3,310			
<u>\$ (320,564)</u>	<u>\$ 31,402</u>	<u>\$ 351,966</u>	<u>\$ 131,337</u>	<u>\$ 243,800</u>	<u>\$ 112,463</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, 2011

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 28,379,174	\$ 11,567,956	\$ (16,811,218)
State aid and grants	18,692,352	16,273,882	(2,418,470)
Federal aid, grants and reimbursements	44,107,783	52,860,181	8,752,398
Total revenues	<u>91,179,309</u>	<u>80,702,019</u>	<u>(10,477,290)</u>
Expenditures:			
Current -			
Instruction	68,849,629	40,329,426	28,520,203
Support services - students and staff	21,979,282	14,387,573	7,591,709
Support services - administration	3,316,030	1,257,265	2,058,765
Operation and maintenance of plant services	1,454,399	698,076	756,323
Student transportation services	195,573	106,567	89,006
Operation of non-instructional services	19,716,068	18,179,432	1,536,636
Capital outlay	9,888,796	3,635,611	6,253,185
Total expenditures	<u>125,399,777</u>	<u>78,593,950</u>	<u>46,805,827</u>
Excess (deficiency) of revenues over expenditures	<u>(34,220,468)</u>	<u>2,108,069</u>	<u>36,328,537</u>
Other financing sources (uses):			
Transfers in	2,529,314	2,529,314	
Transfers out	(1,211,803)	(1,211,803)	
Total other financing sources (uses):	<u>1,317,511</u>	<u>1,317,511</u>	
Changes in fund balances	<u>(32,902,957)</u>	<u>3,425,580</u>	<u>36,328,537</u>
Fund balances, beginning of year	30,775,528	35,269,000	4,493,472
Increase (decrease) in reserve for inventory		107,753	107,753
Increase (decrease) in reserve for prepaid items		397,063	397,063
Fund balances (deficits), end of year	<u>\$ (2,127,429)</u>	<u>\$ 39,199,396</u>	<u>\$ 41,326,825</u>

DEBT SERVICE FUND

The following Debt Service Fund is maintained by the District. Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR) require the establishment of this fund for specified financial activities.

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

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 106,602	\$ 73,459	\$ (33,143)
Property taxes	47,341,032	46,034,959	(1,306,073)
Federal aid, grants and reimbursements		1,306,073	1,306,073
Total revenues	<u>47,447,634</u>	<u>47,414,491</u>	<u>(33,143)</u>
Expenditures:			
Debt service -			
Principal retirement	32,530,000	32,530,000	
Interest and fiscal charges	42,470,000	15,143,567	27,326,433
Bond issuance costs		379,406	(379,406)
Total expenditures	<u>75,000,000</u>	<u>48,052,973</u>	<u>26,947,027</u>
Excess (deficiency) of revenues over expenditures	<u>(27,552,366)</u>	<u>(638,482)</u>	<u>26,913,884</u>
Other financing sources (uses):			
Transfers in	148,550	232,578	84,028
Issuance of refunding bonds		45,900,000	45,900,000
Premium on sale of bonds		4,441,533	4,441,533
Payment to refunded bond escrow agent		(49,962,127)	(49,962,127)
Total other financing sources (uses):	<u>148,550</u>	<u>611,984</u>	<u>463,434</u>
Changes in fund balances	<u>(27,403,816)</u>	<u>(26,498)</u>	<u>27,377,318</u>
Fund balances, beginning of year	12,084,405	12,084,405	
Fund balances (deficits), end of year	<u>\$ (15,319,411)</u>	<u>\$ 12,057,907</u>	<u>\$ 27,377,318</u>

CAPITAL PROJECTS FUNDS

The following Capital Projects Funds are maintained by the District. Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR) require the establishment of these funds for the specified financial activities.

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

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.

Soft Capital Allocation - to account for transactions relating to the acquisition of short-term capital items required to meet academic adequacy standards.

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, improving school grounds, or purchasing pupil transportation vehicles.

Gifts and Donations - 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.

Building Renewal - to account for monies received 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, 2011

	School Plant	Unrestricted Capital Outlay	Adjacent Ways
<u>ASSETS</u>			
Cash and investments	\$ 1,824,129	\$ 7,783,723	\$ 7,751
Cash and investments-restricted		1,888,984	
Property taxes receivable		830,439	29,210
Accounts receivable	23,503		
Due from governmental entities		853,820	
Due from other funds		13,418,409	
Total assets	\$ 1,847,632	\$ 24,775,375	\$ 36,961
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 7,480	\$ 960,011	\$ 32,590
Due to other funds		1,513,352	
Deferred revenues		764,759	27,113
Total liabilities	7,480	3,238,122	59,703
Fund balances (deficits):			
Restricted		21,537,253	
Committed	1,840,152		
Unassigned			(22,742)
Total fund balances	1,840,152	21,537,253	(22,742)
Total liabilities and fund balances	\$ 1,847,632	\$ 24,775,375	\$ 36,961

<u>Condemnation</u>	<u>Building Renewal</u>	<u>Totals</u>
\$ 155,993	\$ 3,158,478	\$ 12,930,074
		1,888,984
		859,649
		23,503
		853,820
		<u>13,418,409</u>
<u>\$ 155,993</u>	<u>\$ 3,158,478</u>	<u>\$ 29,974,439</u>
\$	\$ 92,305	\$ 1,092,386
		1,513,352
		791,872
	<u>92,305</u>	<u>3,397,610</u>
155,993	3,066,173	24,759,419
		1,840,152
		(22,742)
<u>155,993</u>	<u>3,066,173</u>	<u>26,576,829</u>
<u>\$ 155,993</u>	<u>\$ 3,158,478</u>	<u>\$ 29,974,439</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, 2011

	School Plant	Unrestricted Capital Outlay	Adjacent Ways
Revenues:			
Other local	\$ 4,511	\$ 79,036	\$ 2,506
Property taxes		23,822,073	390,725
State aid and grants		3,888,423	
Total revenues	4,511	27,789,532	393,231
Expenditures:			
Current -			
Support services - administration	3,366		
Capital outlay		7,883,462	1,197,958
Debt service -			
Principal retirement		1,288,946	
Interest and fiscal charges		136,128	
Total expenditures	3,366	9,308,536	1,197,958
Excess (deficiency) of revenues over expenditures	1,145	18,480,996	(804,727)
Other financing sources (uses):			
Proceeds from sale of capital assets	1,585,093		
Total other financing sources (uses):	1,585,093		
Changes in fund balances	1,586,238	18,480,996	(804,727)
Fund balances, beginning of year	253,914	3,056,257	781,985
Fund balances (deficits), end of year	\$ 1,840,152	\$ 21,537,253	\$ (22,742)

<u>Condemnation</u>	<u>Building Renewal</u>	<u>Totals</u>
\$ 166	\$ 12,379	\$ 98,598
		24,212,798
		3,888,423
<u>166</u>	<u>12,379</u>	<u>28,199,819</u>
		3,366
533	343,970	9,425,923
		1,288,946
		136,128
<u>533</u>	<u>343,970</u>	<u>10,854,363</u>
<u>(367)</u>	<u>(331,591)</u>	<u>17,345,456</u>
		1,728,172
<u>143,079</u>		<u>1,728,172</u>
		19,073,628
<u>142,712</u>	<u>(331,591)</u>	<u>19,073,628</u>
13,281	3,397,764	7,503,201
<u>\$ 155,993</u>	<u>\$ 3,066,173</u>	<u>\$ 26,576,829</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, 2011

	School Plant		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 4,511	\$ 4,511	\$
Property taxes			
State aid and grants			
Total revenues	<u>4,511</u>	<u>4,511</u>	
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	3,386,963	3,366	3,383,597
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	<u>3,386,963</u>	<u>3,366</u>	<u>3,383,597</u>
Excess (deficiency) of revenues over expenditures	<u>(3,382,452)</u>	<u>1,145</u>	<u>3,383,597</u>
Other financing sources (uses):			
Transfers out			
Proceeds from sale of capital assets	1,585,072	1,585,093	21
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):	<u>1,585,072</u>	<u>1,585,093</u>	<u>21</u>
Changes in fund balances	<u>(1,797,380)</u>	<u>1,586,238</u>	<u>3,383,618</u>
Fund balances (deficits), beginning of year	254,414	253,914	(500)
Increase (decrease) in reserve for prepaid items			
Fund balances (deficits), end of year	<u>\$ (1,542,966)</u>	<u>\$ 1,840,152</u>	<u>\$ 3,383,118</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 78,628	\$ 79,036	\$ 408	\$ 2,506	\$ 2,506	\$
32,822,480	23,822,073	(9,000,407)	390,725	390,725	
3,786,899	3,888,423	101,524			
<u>36,688,007</u>	<u>27,789,532</u>	<u>(8,898,475)</u>	<u>393,231</u>	<u>393,231</u>	
22,809,290	7,883,501	14,925,789	1,200,000	1,198,137	1,863
750,000	1,288,946	(538,946)			
70,000	136,128	(66,128)			
<u>23,629,290</u>	<u>9,308,575</u>	<u>14,320,715</u>	<u>1,200,000</u>	<u>1,198,137</u>	<u>1,863</u>
<u>13,058,717</u>	<u>18,480,957</u>	<u>5,422,240</u>	<u>(806,769)</u>	<u>(804,906)</u>	<u>1,863</u>
<u>13,058,717</u>	<u>18,480,957</u>	<u>5,422,240</u>	<u>(806,769)</u>	<u>(804,906)</u>	<u>1,863</u>
(8,813,609)	3,056,257	11,869,866	781,985	781,985	
	39	39		179	179
<u>\$ 4,245,108</u>	<u>\$ 21,537,253</u>	<u>\$ 17,292,145</u>	<u>\$ (24,784)</u>	<u>\$ (22,742)</u>	<u>\$ 2,042</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, 2011

	Soft Capital Allocation		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 176,252	\$ 176,252	\$
Property taxes	745,602	745,602	
State aid and grants	1,931,131	1,937,708	6,577
Total revenues	<u>2,852,985</u>	<u>2,859,562</u>	<u>6,577</u>
Expenditures:			
Current -			
Instruction	2,050,725	1,774,784	275,941
Support services - students and staff	786,515	579,934	206,581
Support services - administration	153	113	40
Capital outlay	3,836,350	2,828,720	1,007,630
Debt service -			
Principal retirement	1,450,000	830,746	619,254
Interest and fiscal charges	162,828	95,779	67,049
Bond issuance costs			
Total expenditures	<u>8,286,571</u>	<u>6,110,076</u>	<u>2,176,495</u>
Excess (deficiency) of revenues over expenditures	<u>(5,433,586)</u>	<u>(3,250,514)</u>	<u>2,183,072</u>
Other financing sources (uses):			
Transfers out			
Proceeds from sale of capital assets			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>(5,433,586)</u>	<u>(3,250,514)</u>	<u>2,183,072</u>
Fund balances (deficits), beginning of year	5,828,692	5,828,692	
Increase (decrease) in reserve for prepaid items		49	49
Fund balances (deficits), end of year	<u>\$ 395,106</u>	<u>\$ 2,578,227</u>	<u>\$ 2,183,121</u>

<u>Bond Building</u>			<u>Gifts and Donations - Capital</u>		
<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 173,338	\$ 173,338	\$	\$	\$
	<u>173,338</u>	<u>173,338</u>			
30,125,000	34,787,963	(4,662,963)	20,000		20,000
	180,248	(180,248)			
	397,357	(397,357)			
<u>30,125,000</u>	<u>35,365,568</u>	<u>(5,240,568)</u>	<u>20,000</u>		<u>20,000</u>
<u>(30,125,000)</u>	<u>(35,192,230)</u>	<u>(5,067,230)</u>	<u>(20,000)</u>		<u>20,000</u>
	(232,578)	(232,578)			
74,000,000	74,000,000				
635,830	597,407	(38,423)			
<u>74,635,830</u>	<u>74,364,829</u>	<u>(271,001)</u>			
<u>44,510,830</u>	<u>39,172,599</u>	<u>(5,338,231)</u>	<u>(20,000)</u>		<u>20,000</u>
32,833,010	32,053,415	(779,595)			
	6,049	6,049			
<u>\$ 77,343,840</u>	<u>\$ 71,232,063</u>	<u>\$ (6,111,777)</u>	<u>\$ (20,000)</u>	<u>\$</u>	<u>\$ 20,000</u>

(Continued)

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011

	Condemnation		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 143,245	\$ 166	\$ (143,079)
Property taxes			
State aid and grants			
Total revenues	143,245	166	(143,079)
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Capital outlay	400,000	533	399,467
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	400,000	533	399,467
Excess (deficiency) of revenues over expenditures	(256,755)	(367)	256,388
Other financing sources (uses):			
Transfers out			
Proceeds from sale of capital assets		143,079	143,079
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):		143,079	143,079
Changes in fund balances	(256,755)	142,712	399,467
Fund balances (deficits), beginning of year	13,281	13,281	
Increase (decrease) in reserve for prepaid items			
Fund balances (deficits), end of year	\$ (243,474)	\$ 155,993	\$ 399,467

Building Renewal			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 12,379	\$ 12,379	\$ 405,142	\$ 448,188	\$ 43,046
			33,958,807	24,958,400	(9,000,407)
			5,718,030	5,826,131	108,101
	<u>12,379</u>	<u>12,379</u>	<u>40,081,979</u>	<u>31,232,719</u>	<u>(8,849,260)</u>
			2,050,725	1,774,784	275,941
			786,515	579,934	206,581
			3,387,116	3,479	3,383,637
3,175,000	347,042	2,827,958	61,565,640	47,045,896	14,519,744
			2,200,000	2,119,692	80,308
			232,828	412,155	(179,327)
				397,357	(397,357)
<u>3,175,000</u>	<u>347,042</u>	<u>2,827,958</u>	<u>70,222,824</u>	<u>52,333,297</u>	<u>17,889,527</u>
<u>(3,175,000)</u>	<u>(334,663)</u>	<u>2,840,337</u>	<u>(30,140,845)</u>	<u>(21,100,578)</u>	<u>9,040,267</u>
				(232,578)	(232,578)
			1,585,072	1,728,172	143,100
			74,000,000	74,000,000	
			635,830	597,407	(38,423)
			<u>76,220,902</u>	<u>76,093,001</u>	<u>(127,901)</u>
<u>(3,175,000)</u>	<u>(334,663)</u>	<u>2,840,337</u>	<u>46,080,057</u>	<u>54,992,423</u>	<u>8,912,366</u>
	3,397,764	3,397,764	30,897,773	45,385,308	14,487,535
	3,072	3,072		9,388	9,388
<u>\$ (3,175,000)</u>	<u>\$ 3,066,173</u>	<u>\$ 6,241,173</u>	<u>\$ 76,977,830</u>	<u>\$ 100,387,119</u>	<u>\$ 23,409,289</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 ASSETS -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2011

	Employee Benefit Trust	Worker's Compensation Trust	Totals
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 20,103,054	\$ 8,496,926	\$ 28,599,980
Prepaid items		144,853	144,853
Total current assets	20,103,054	8,641,779	28,744,833
Total assets	20,103,054	8,641,779	28,744,833
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable		62,990	62,990
Claims payable	4,828,013	1,584,158	6,412,171
Total current liabilities	4,828,013	1,647,148	6,475,161
Noncurrent liabilities:			
Claims payable		6,336,630	6,336,630
Total noncurrent liabilities		6,336,630	6,336,630
Total liabilities	4,828,013	7,983,778	12,811,791
<u>NET ASSETS</u>			
Unrestricted	15,275,041	658,001	15,933,042
Total net assets	\$ 15,275,041	\$ 658,001	\$ 15,933,042

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Employee Benefit Trust	Worker's Compensation Trust	Totals
Operating revenues:			
Contributions	\$ 37,333,526	\$ 2,200,000	\$ 39,533,526
Total operating revenues	<u>37,333,526</u>	<u>2,200,000</u>	<u>39,533,526</u>
Operating expenses:			
Claims	19,510,651	1,891,609	21,402,260
Premiums	1,624,898	420,455	2,045,353
Administrative fees	998,006	149,711	1,147,717
Other		5,678	5,678
Total operating expenses	<u>22,133,555</u>	<u>2,467,453</u>	<u>24,601,008</u>
Operating income (loss)	<u>15,199,971</u>	<u>(267,453)</u>	<u>14,932,518</u>
Nonoperating revenues (expenses):			
Investment income	75,070	125,385	200,455
Total nonoperating revenues (expenses)	<u>75,070</u>	<u>125,385</u>	<u>200,455</u>
Changes in net assets	<u>15,275,041</u>	<u>(142,068)</u>	<u>15,132,973</u>
Total net assets, beginning of year		800,069	800,069
Total net assets, end of year	<u>\$ 15,275,041</u>	<u>\$ 658,001</u>	<u>\$ 15,933,042</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Employee Benefit Trust	Worker's Compensation Trust	Totals
<u>Increase in Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from contributions	\$ 37,333,526	\$ 4,311,427	\$ 41,644,953
Cash payments for claims	(14,682,638)	(2,093,960)	(16,776,598)
Cash payments to suppliers for goods and services	(2,622,904)	(557,576)	(3,180,480)
Net cash provided by operating activities	20,027,984	1,659,891	21,687,875
Cash flows from investing activities:			
Purchase of investments		4,385,000	4,385,000
Proceeds from sale of investments		(5,385,000)	(5,385,000)
Investment income	75,070	125,385	200,455
Net cash provided by investing activities	75,070	(874,615)	(799,545)
Net increase in cash and cash equivalents	20,103,054	785,276	20,888,330
Cash and cash equivalents, beginning of year		6,711,650	6,711,650
Cash and cash equivalents, end of year	\$ 20,103,054	\$ 7,496,926	\$ 27,599,980
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u>			
Cash and cash equivalents	\$ 20,103,054	\$ 7,496,926	\$ 27,599,980
Investments		1,000,000	1,000,000
Total cash and investments	\$ 20,103,054	\$ 8,496,926	\$ 28,599,980
<u>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities</u>			
Operating income/(loss)	\$ 15,199,971	\$ (267,453)	\$ 14,932,518
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:			
Changes in assets and liabilities:			
Decrease in due from other funds		2,200,000	2,200,000
Increase in prepaid items		(88,573)	(88,573)
Increase in accounts payable		18,268	18,268
Increase/(decrease) in claims payable	4,828,013	(202,351)	4,625,662
Total adjustments	4,828,013	1,927,344	6,755,357
Net cash provided by operating activities	\$ 20,027,984	\$ 1,659,891	\$ 21,687,875

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.

Direct Deposit - to account for employee direct deposit payroll held by the District until distributed.

Employee Withholding - to account for deductions temporarily held by the District as an agent.

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	<u>Student Activities</u>	<u>Employee Insurance</u>	<u>Direct Deposit</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,193,397	\$ 1,297,506	\$
Accounts receivable			3,071,859
Total assets	<u>\$ 2,193,397</u>	<u>\$ 1,297,506</u>	<u>\$ 3,071,859</u>
<u>LIABILITIES</u>			
Overdraft of cash	\$	\$	\$ 3,071,859
Deposits held for others		1,297,506	
Due to student groups	2,193,397		
Total liabilities	<u>\$ 2,193,397</u>	<u>\$ 1,297,506</u>	<u>\$ 3,071,859</u>

<u>Employee Withholding</u>	<u>Totals</u>
\$ 190,630	\$ 3,681,533
	3,071,859
<u>\$ 190,630</u>	<u>\$ 6,753,392</u>

\$ 190,630	\$ 3,071,859
	1,488,136
	2,193,397
<u>\$ 190,630</u>	<u>\$ 6,753,392</u>

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

	<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	\$ 2,094,149	\$ 2,197,075	\$ 2,097,827	\$ 2,193,397
Total assets	<u>\$ 2,094,149</u>	<u>\$ 2,197,075</u>	<u>\$ 2,097,827</u>	<u>\$ 2,193,397</u>
<u>Liabilities</u>				
Due to student groups	\$ 2,094,149	\$ 2,197,075	\$ 2,097,827	\$ 2,193,397
Total liabilities	<u>\$ 2,094,149</u>	<u>\$ 2,197,075</u>	<u>\$ 2,097,827</u>	<u>\$ 2,193,397</u>
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 1,309,645	\$ 37,042,062	\$ 37,054,201	\$ 1,297,506
Total assets	<u>\$ 1,309,645</u>	<u>\$ 37,042,062</u>	<u>\$ 37,054,201</u>	<u>\$ 1,297,506</u>
<u>Liabilities</u>				
Deposits held for others	\$ 1,309,645	\$ 37,042,062	\$ 37,054,201	\$ 1,297,506
Total liabilities	<u>\$ 1,309,645</u>	<u>\$ 37,042,062</u>	<u>\$ 37,054,201</u>	<u>\$ 1,297,506</u>
<u>DIRECT DEPOSIT FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 2,275,195	\$ 156,583,300	\$ 158,858,495	\$
Accounts receivable	<u>3,071,859</u>	<u>3,071,859</u>	<u>158,858,495</u>	<u>3,071,859</u>
Total assets	<u>\$ 2,275,195</u>	<u>\$ 159,655,159</u>	<u>\$ 158,858,495</u>	<u>\$ 3,071,859</u>
<u>Liabilities</u>				
Overdraft of cash	\$	\$ 3,071,859	\$	\$ 3,071,859
Deposits held for others	<u>2,275,195</u>	<u>156,583,300</u>	<u>158,858,495</u>	<u>3,071,859</u>
Total liabilities	<u>\$ 2,275,195</u>	<u>\$ 159,655,159</u>	<u>\$ 158,858,495</u>	<u>\$ 3,071,859</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 2,488,873	\$ 117,919,682	\$ 120,217,925	\$ 190,630
Total assets	<u>\$ 2,488,873</u>	<u>\$ 117,919,682</u>	<u>\$ 120,217,925</u>	<u>\$ 190,630</u>
<u>Liabilities</u>				
Deposits held for others	\$ 2,488,873	\$ 117,919,682	\$ 120,217,925	\$ 190,630
Total liabilities	<u>\$ 2,488,873</u>	<u>\$ 117,919,682</u>	<u>\$ 120,217,925</u>	<u>\$ 190,630</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 8,167,862	\$ 313,742,119	\$ 318,228,448	\$ 3,681,533
Accounts receivable	<u>3,071,859</u>	<u>3,071,859</u>	<u>3,071,859</u>	<u>3,071,859</u>
Total assets	<u>\$ 8,167,862</u>	<u>\$ 316,813,978</u>	<u>\$ 318,228,448</u>	<u>\$ 6,753,392</u>
<u>Liabilities</u>				
Overdraft of cash	\$	\$ 3,071,859	\$	\$ 3,071,859
Deposits held for others	6,073,713	311,545,044	316,130,621	1,488,136
Due to student groups	<u>2,094,149</u>	<u>2,197,075</u>	<u>2,097,827</u>	<u>2,193,397</u>
Total liabilities	<u>\$ 8,167,862</u>	<u>\$ 316,813,978</u>	<u>\$ 318,228,448</u>	<u>\$ 6,753,392</u>

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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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 434,745,660	\$ 408,491,273	\$ 395,715,727	\$ 369,666,112	\$ 342,578,365
Restricted	65,412,105	17,714,726	28,815,960	38,421,018	40,078,833
Unrestricted	44,383,800	63,439,513	19,851,658	34,427,961	25,250,544
Total net assets	\$ 544,541,565	\$ 489,645,512	\$ 444,383,345	\$ 442,515,091	\$ 407,907,742
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 321,173,539	\$ 292,038,534	\$ 268,091,490	\$ 220,908,254	\$ 164,930,585
Restricted	29,155,575	29,097,460	19,468,216	13,146,823	7,122,295
Unrestricted	17,198,050	16,657,735	7,167,244	(9,776,763)	13,714,318
Total net assets	\$ 367,527,164	\$ 337,793,729	\$ 294,726,950	\$ 224,278,314	\$ 185,767,198

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

Note: The reduction of unrestricted net assets in fiscal year 2003 was due to the recognition of \$36.4 million liability for the Employee Severance Plan initiated during the year.

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

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses					
Instruction	\$ 264,382,773	\$ 248,314,669	\$ 238,475,337	\$ 247,282,914	\$ 223,402,478
Support services - students and staff	64,598,405	60,266,115	53,902,114	61,808,761	52,673,043
Support services - administration	50,069,751	45,529,903	43,600,161	48,416,455	44,884,094
Operation and maintenance of plant services	52,150,567	48,718,608	48,412,913	46,734,266	43,299,301
Student transportation services	22,962,146	21,635,755	19,380,992	19,450,223	16,100,925
Operation of non-instructional services	21,006,594	20,351,159	17,660,501	20,969,168	21,120,312
Interest on long-term debt	14,529,371	17,358,394	14,538,612	18,245,345	20,634,286
Total expenses	<u>489,699,607</u>	<u>462,174,603</u>	<u>435,970,630</u>	<u>462,907,132</u>	<u>422,114,439</u>
Program Revenues					
Charges for services:					
Instruction	5,870,449	8,757,240	4,502,115	4,426,527	6,542,119
Operation of non-instructional services	7,020,158	7,448,300	7,046,166	7,383,275	7,415,824
Other activities	2,502,327	3,470,841	3,219,247	2,306,821	1,950,206
Operating grants and contributions	70,429,617	70,448,238	56,305,739	56,119,768	45,309,819
Capital grants and contributions	<u>7,063,084</u>	<u>2,756,434</u>	<u>1,771,596</u>	<u>2,878,979</u>	<u>4,770,462</u>
Total program revenues	<u>92,885,635</u>	<u>92,881,053</u>	<u>72,844,863</u>	<u>73,115,370</u>	<u>65,988,430</u>
Net (Expense)/Revenue	<u>\$ (396,813,972)</u>	<u>\$ (369,293,550)</u>	<u>\$ (363,125,767)</u>	<u>\$ (389,791,762)</u>	<u>\$ (356,126,009)</u>

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

- Notes:**
- 1) The increase in expenses in fiscal year 2003 was due to the recognition of \$36.4 million liability for the Employee Severance Plan initiated during the year.
 - 2) The increase in capital grants and contributions in fiscal year 2006 is primarily due to a \$4.0 million settlement received during the year.
 - 3) The increase in charges for services - instruction in fiscal year 2008 is primarily due to the District participating in the Pima County Joint Technological Education District.

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue	\$ (361,376,786)	\$ (370,867,500)	\$ (421,691,963)	\$ (432,999,382)	\$ (414,454,906)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	122,512,450	142,759,522	131,633,343	134,956,549	131,350,704
Property taxes, levied for debt service	46,598,982	44,806,399	46,393,710	43,991,425	41,675,953
Property taxes, levied for capital outlay	25,031,169	378,741	12,258,603	9,719,093	7,349,019
Investment income	817,368	1,099,217	2,134,966	5,312,571	5,823,418
Unrestricted county aid	12,889,153	12,191,663	141,544		137,385
Unrestricted state aid	190,988,261	202,282,511	229,617,096	272,140,866	267,218,685
Unrestricted federal aid	3,657,865	21,611,614	1,380,955	1,486,227	1,280,320
Special item - gain (loss) on the sale of capital assets	4,777,591				
Total general revenues	<u>407,272,839</u>	<u>425,129,667</u>	<u>423,560,217</u>	<u>467,606,731</u>	<u>454,835,484</u>
Changes in Net Assets	<u>\$ 45,896,053</u>	<u>\$ 54,262,167</u>	<u>\$ 1,868,254</u>	<u>\$ 34,607,349</u>	<u>\$ 40,380,578</u>

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net (Expense)/Revenue	\$ (396,813,972)	\$ (369,293,550)	\$ (363,125,767)	\$ (389,791,762)	\$ (356,126,009)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	125,983,872	116,965,552	121,438,947	116,631,857	116,272,421
Property taxes, levied for debt service	38,347,656	35,990,670	37,746,252	36,400,214	35,566,390
Property taxes, levied for capital outlay	9,247,617	9,931,191	11,674,036	11,443,794	10,549,719
Investment income	3,943,813	1,406,572	590,483	(728,141)	1,439,281
Unrestricted county aid	11,247,933	11,075,419	10,855,360	10,470,640	9,912,382
Unrestricted state aid	236,389,038	238,064,825	248,850,156	251,999,467	225,632,549
Unrestricted federal aid	1,387,478	1,953,761	2,209,797	1,898,163	1,755,159
Special item - gain (loss) on the sale of capital assets		(3,027,661)			
Total general revenues	<u>426,547,407</u>	<u>412,360,329</u>	<u>433,365,031</u>	<u>428,115,994</u>	<u>401,127,901</u>
Changes in Net Assets	<u>\$ 29,733,435</u>	<u>\$ 43,066,779</u>	<u>\$ 70,239,264</u>	<u>\$ 38,324,232</u>	<u>\$ 45,001,892</u>

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

Notes: 1) In fiscal year 2003, investment income includes an investment loss suffered in the participation of the Local Government Investment Pool.

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 2,516,592				
Unassigned	41,673,112				
Reserved		\$ 18,561,991	\$ 2,473,779	\$ 2,156,886	\$ 1,887,451
Unreserved		24,431,693	10,247,050	17,065,201	10,979,393
Total General Fund	<u>\$ 44,189,704</u>	<u>\$ 42,993,684</u>	<u>\$ 12,720,829</u>	<u>\$ 19,222,087</u>	<u>\$ 12,866,844</u>
All Other Governmental Funds:					
Nonspendable	\$ 1,151,571				
Restricted	130,932,893				
Committed	1,840,152				
Unassigned	(22,815)				
Reserved		\$ 456,094	\$ 448,178	\$ 457,812	\$ 291,620
Unreserved, reported in:					
Special revenue funds		35,070,776	27,647,952	26,442,348	19,375,714
Capital projects funds		45,131,394	71,961,823	62,315,116	61,188,523
Debt service fund		12,084,405	10,952,462	9,308,507	10,602,874
Total all other governmental funds	<u>\$ 133,901,801</u>	<u>\$ 92,742,669</u>	<u>\$ 111,010,415</u>	<u>\$ 98,523,783</u>	<u>\$ 91,458,731</u>

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:					
Reserved	\$ 1,875,819	\$ 1,421,338	\$ 1,673,162	\$ 2,011,329	\$ 2,183,919
Unreserved	13,255,134	13,624,795	14,899,404	15,522,617	4,865,335
Total General Fund	<u>\$ 15,130,953</u>	<u>\$ 15,046,133</u>	<u>\$ 16,572,566</u>	<u>\$ 17,533,946</u>	<u>\$ 7,049,254</u>
All Other Governmental Funds:					
Reserved	\$ 428,577	\$ 914,168	\$ 582,166	\$ 763,374	\$ 453,035
Unreserved, reported in:					
Special revenue funds	17,849,207	22,074,143	16,007,905	15,525,490	13,253,062
Capital projects funds	59,605,564	68,994,797	14,247,780	7,856,233	1,692,470
Debt service fund	8,015,570	5,514,797	2,244,671	3,166,327	3,646,656
Total all other governmental funds	<u>\$ 85,898,918</u>	<u>\$ 97,497,905</u>	<u>\$ 33,082,522</u>	<u>\$ 27,311,424</u>	<u>\$ 19,045,223</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 62,117,037	\$ 58,543,843	\$ 42,041,772	\$ 47,992,922	\$ 48,403,958
State Fiscal Stabilization Fund (ARRA)	2,291,978	20,594,948			
Education Jobs	6,258,984				
Impact Aid	1,365,887	1,016,666	1,380,955	1,486,227	1,280,320
National School Lunch Program	16,473,993	16,871,966	16,574,952	14,483,896	13,845,552
Total federal sources	<u>88,507,879</u>	<u>97,027,423</u>	<u>59,997,679</u>	<u>63,963,045</u>	<u>63,529,830</u>
State sources:					
State equalization assistance	177,289,785	185,038,264	211,483,789	235,738,168	222,947,284
State grants	1,605,563	3,291,113	5,422,104	6,076,613	3,611,867
School Facilities Board				4,654,792	17,861,491
Other revenues	14,668,319	16,048,443	19,775,662	30,737,345	26,409,910
Total state sources	<u>193,563,667</u>	<u>204,377,820</u>	<u>236,681,555</u>	<u>277,206,918</u>	<u>270,830,552</u>
Local sources:					
Property taxes	189,258,948	187,598,121	189,705,780	186,860,498	179,961,642
County aid	12,889,153	12,191,663	279,544		187,229
Food service sales	2,438,926	2,841,522	3,384,150	3,720,714	3,844,651
Investment income (loss)	611,420	924,187	1,868,172	5,066,837	5,479,445
Other revenues	9,117,882	19,243,985	17,424,953	17,870,809	10,778,293
Total local sources	<u>214,316,329</u>	<u>222,799,478</u>	<u>212,662,599</u>	<u>213,518,858</u>	<u>200,251,260</u>
Total revenues	<u><u>\$ 496,387,875</u></u>	<u><u>\$ 524,204,721</u></u>	<u><u>\$ 509,341,833</u></u>	<u><u>\$ 554,688,821</u></u>	<u><u>\$ 534,611,642</u></u>

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Federal sources:					
Federal grants	\$ 55,723,235	\$ 55,366,233	\$ 41,423,318	\$ 42,667,295	\$ 33,716,168
State Fiscal Stabilization Fund (ARRA)					
Education Jobs					
Impact Aid	1,387,478	1,953,761	2,209,797	1,898,163	1,755,159
National School Lunch Program	13,444,312	13,088,729	13,007,683	13,086,853	12,617,059
Total federal sources	<u>70,555,025</u>	<u>70,408,723</u>	<u>56,640,798</u>	<u>57,652,311</u>	<u>48,088,386</u>
State sources:					
State equalization assistance	200,066,485	196,023,737	198,387,060	192,916,003	185,954,557
State grants	4,310,412	4,970,084	4,061,565	3,664,857	3,257,280
School Facilities Board	7,759,135	20,900,366	33,075,557	42,329,638	21,047,050
Other revenues	27,931,624	23,839,734	15,764,791	16,830,203	18,383,795
Total state sources	<u>240,067,656</u>	<u>245,733,921</u>	<u>251,288,973</u>	<u>255,740,701</u>	<u>228,642,682</u>
Local sources:					
Property taxes	174,636,609	169,437,345	168,106,772	163,858,785	162,704,166
County aid	11,395,675	11,258,636	10,869,859	10,483,809	10,139,465
Food service sales	3,866,733	4,573,941	4,797,355	5,163,161	5,428,958
Investment income (loss)	3,761,472	1,313,372	517,133	(721,756)	1,237,729
Other revenues	11,378,459	14,919,223	9,955,674	8,871,635	10,704,058
Total local sources	<u>205,038,948</u>	<u>201,502,517</u>	<u>194,246,793</u>	<u>187,655,634</u>	<u>190,214,376</u>
Total revenues	<u>\$ 515,661,629</u>	<u>\$ 517,645,161</u>	<u>\$ 502,176,564</u>	<u>\$ 501,048,646</u>	<u>\$ 466,945,444</u>

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

- Notes:** 1) In fiscal year 2003, investment income includes an investment loss suffered in the participation of the Local Government Investment Pool.
2) 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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
Instruction	\$ 204,760,085	\$ 230,202,146	\$ 234,931,349	\$ 240,042,909	\$ 236,770,040
Support services - students and staff	68,796,953	69,436,330	72,736,897	74,974,896	68,047,068
Support services - administration	40,360,497	40,324,873	40,973,334	44,211,988	47,934,273
Operation and maintenance of plant services	56,678,876	55,338,511	56,234,094	53,611,181	52,330,014
Student transportation services	22,241,973	23,193,120	21,568,722	24,300,043	21,978,854
Operation of non-instructional services	18,585,569	18,770,777	19,167,046	21,740,678	21,162,973
Capital outlay	52,393,932	51,201,278	66,818,229	84,056,213	49,407,315
Debt service -					
Claims and judgments			1,916,877		
Principal retirement	34,649,692	33,004,537	32,461,174	34,976,055	31,195,352
Interest and fiscal charges	15,555,722	14,079,089	15,205,476	14,081,326	13,524,715
Bond issuance costs	776,763		762,221	367,959	147,702
Total expenditures	<u>\$ 514,800,062</u>	<u>\$ 535,550,661</u>	<u>\$ 562,775,419</u>	<u>\$ 592,363,248</u>	<u>\$ 542,498,306</u>
Expenditures for capitalized assets	\$ 43,314,099	\$ 34,878,196	\$ 44,654,742	\$ 58,186,989	\$ 27,741,175
Debt service as a percentage of noncapital expenditures	11%	9%	10%	9%	9%

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenditures:					
Current -					
Instruction	\$ 235,893,712	\$ 231,622,212	\$ 220,746,518	\$ 205,730,611	\$ 196,974,553
Support services - students and staff	64,877,261	61,362,899	55,402,979	55,727,499	51,189,206
Support services - administration	46,574,968	45,439,014	43,958,175	39,577,968	40,233,509
Operation and maintenance of plant services	50,036,858	47,921,656	47,882,799	43,422,477	41,968,943
Student transportation services	22,051,935	20,162,779	18,381,376	16,657,208	14,984,989
Operation of non-instructional services	20,261,039	20,544,569	17,654,404	19,717,867	20,810,515
Capital outlay	47,570,444	41,999,980	51,628,180	63,075,161	51,467,151
Debt service -					
Claims and judgments					
Principal retirement	26,054,091	17,122,073	26,721,307	24,378,944	19,308,245
Interest and fiscal charges	14,544,911	21,111,916	14,538,612	18,245,345	22,734,535
Bond issuance costs	676,749	603,209	1,593,923		
Total expenditures	<u>\$ 528,541,968</u>	<u>\$ 507,890,307</u>	<u>\$ 498,508,273</u>	<u>\$ 486,533,080</u>	<u>\$ 459,671,646</u>
Expenditures for capitalized assets	\$ 27,151,850	\$ 28,674,252	\$ 38,012,519	\$ 44,932,713	\$ 30,391,743
Debt service as a percentage of noncapital expenditures	8%	8%	9%	10%	10%

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

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ (18,412,187)	\$ (11,345,940)	\$ (53,433,586)	\$ (37,674,427)	\$ (7,886,664)
Other financing sources (uses):					
Issuance of school improvement bonds	74,000,000		57,000,000	47,000,000	10,000,000
Issuance of refunding bonds	45,900,000				
Premium on sale of bonds	5,038,940		1,066,478	706,670	163,267
Proceeds from sale of capital assets	1,728,172				
Capital lease agreements		7,254,921	1,045,221	2,952,425	1,144,426
Transfers in	2,761,892	3,228,393	12,001,930	4,505,961	3,008,303
Transfers out	(2,761,892)	(3,228,393)	(12,001,930)	(4,505,961)	(3,008,303)
Payment to refunded bond escrow agent	(49,962,127)				
Total other financing sources (uses)	<u>76,704,985</u>	<u>7,254,921</u>	<u>59,111,699</u>	<u>50,659,095</u>	<u>11,307,693</u>
Changes in fund balances	<u>\$ 58,292,798</u>	<u>\$ (4,091,019)</u>	<u>\$ 5,678,113</u>	<u>\$ 12,984,668</u>	<u>\$ 3,421,029</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Excess (deficiency) of revenues over expenditures	\$ (12,880,339)	\$ 9,754,854	\$ 3,668,291	\$ 14,515,566	\$ 7,273,798
Other financing sources (uses):					
Issuance of school improvement bonds		47,000,000			
Issuance of refunding bonds	47,825,000		140,140,000		
Premium on sale of bonds	1,852,588	906,231	7,302,825		
Proceeds from sale of capital assets		1,752,847			
Capital lease agreements	720,533	3,394,840	66,879	4,097,578	2,766,029
Transfers in	3,775,378	2,012,945	911,622	1,029,951	497,787
Transfers out	(3,775,378)	(2,012,945)	(911,622)	(1,029,951)	(497,787)
Payment to refunded bond escrow agent	(49,000,839)		(145,848,902)		
Total other financing sources (uses)	<u>1,397,282</u>	<u>53,053,918</u>	<u>1,660,802</u>	<u>4,097,578</u>	<u>2,766,029</u>
Changes in fund balances	<u>\$ (11,483,057)</u>	<u>\$ 62,808,772</u>	<u>\$ 5,329,093</u>	<u>\$ 18,613,144</u>	<u>\$ 10,039,827</u>

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

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Valuation	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value
	Residential Property	Commercial Property						
2011	\$ 2,482,598,026	\$ 1,757,490,076	\$ 257,619,695	\$ 713,715,999	3,783,991,798	6.30	\$ 35,625,457,918	10.62 %
2010	2,585,266,637	1,659,374,848	266,267,201	540,661,323	3,970,247,363	6.07	36,172,563,620	10.98
2009					3,886,050,013	6.57	34,951,711,743	11.12
2008					3,443,823,997	7.05	30,190,092,265	11.41
2007					2,961,374,879	7.38	25,679,006,897	11.53
2006					2,659,138,104	7.88	22,663,244,357	11.73
2005					2,503,195,231	8.33	21,185,806,786	11.82
2004					2,358,750,058	8.76	19,606,807,082	12.03
2003					2,196,052,274	9.28	18,314,968,061	11.99
2002					2,069,364,275	9.81	16,818,271,372	12.30

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

Note: Total taxable assessed valuation is displayed by major component beginning with fiscal year ended June 30, 2010.

**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		
	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Tucson	City of South Tucson	Primary	Secondary	Total
	2011	4.06	0.31	0.26	1.08	0.04	0.10	0.96	0.20	5.05	1.25
2010	4.02	0.26	0.26	1.08	0.04	0.10	0.93	0.20	4.94	1.13	6.07
2009	4.00	0.34	0.29	1.14	0.04	0.10	0.96	0.21	5.36	1.21	6.57
2008	4.29	0.40	0.34	1.19	0.04	0.10	1.13	0.23	5.75	1.30	7.05
2007	4.56	0.37	0.37	1.25	0.04	0.12	1.23	0.24	5.99	1.39	7.38
2006	4.79	0.26	0.37	1.31	0.04	0.12	1.24	0.24	6.43	1.45	7.88
2005	4.89	0.21	0.35	1.34	0.04	0.12	1.18	0.24	6.83	1.50	8.33
2004	4.07	0.21	0.35	1.49	0.05	0.13	1.12	0.27	7.18	1.58	8.76
2003	4.89	0.21	0.35	1.53	0.05	0.13	1.12	0.27	7.61	1.67	9.28
2002	4.97	0.21	0.35	1.55	0.05	0.13	1.12	0.28	8.09	1.72	9.81

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>2011</u>		<u>2002</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	\$ 44,651,103	1.18 %	\$	%
Qwest Corporation	30,650,334	0.81	49,043,933	2.37
Starr Pass Resort Developments LLC	16,649,564	0.44		
Southwest Gas Corporation	15,135,967	0.40	25,453,181	1.23
Park Place Shopping Center	14,757,568	0.39	10,346,821	0.50
Verizon Wireless	10,973,576	0.29		
WC Partners et al (Williams Center)	7,567,984	0.20	6,415,029	0.31
El Con Shopping Center	7,567,984	0.20	8,691,330	0.42
Wal-Mart Stores, Inc.	6,432,786	0.17	5,794,220	0.28
HUB Properties Trust	6,054,387	0.16		
Tucson Electric Power Company			62,701,738	3.03
AT&T Telecommunications, Inc.			12,623,122	0.61
SFPP Limited Partnership			6,208,093	0.30
Reliance Central Limited			5,380,347	0.26
El Dorado Medical Center			4,552,601	0.22
Crescent Real Estate Funding			4,552,601	0.22
Total	<u>\$ 160,441,253</u>	<u>4.24 %</u>	<u>\$ 201,763,016</u>	<u>9.75 %</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
2011	\$ 187,871,554	\$ 175,768,632	93.56 %		\$ 175,768,632	93.56 %
2010	179,853,772	171,331,961	95.26	8,421,798	179,753,759	99.94
2009	183,939,765	176,305,975	95.85	7,366,190	183,672,165	99.85
2008	180,563,077	173,169,013	95.90	7,394,064	180,563,077	100.00
2007	169,371,786	163,379,824	96.46	5,954,953	169,334,777	99.98
2006	165,175,823	159,509,446	96.57	5,629,299	165,138,745	99.98
2005	161,855,692	156,257,785	96.54	5,597,907	161,855,692	100.00
2004	159,211,748	153,024,248	96.11	6,187,500	159,211,748	100.00
2003	155,796,881	148,730,463	95.46	7,066,418	155,796,881	100.00
2002	154,353,089	146,843,793	95.13	7,509,296	154,353,089	100.00

Source: The source of this information is the 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	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income
2011	\$ 306,905,000		306,905,000	0.86 %	794	\$ 5,136,279	312,041,279	0.88 %	807	N/A %
2010	265,260,000		265,260,000	0.73	634	7,255,971	272,515,971	0.75	652	7.90
2009	295,085,000		295,085,000	0.84	605	3,180,587	298,265,587	0.85	611	8.67
2008	268,955,000		268,955,000	0.89	517	3,726,540	272,681,540	0.90	524	8.62
2007	255,460,000		255,460,000	0.99	497	2,245,170	257,705,170	1.00	501	8.65
2006	275,055,000		275,055,000	1.21	535	2,701,096	277,756,096	1.23	545	10.40
2005	299,160,000		299,160,000	1.41	587	3,929,654	303,089,654	1.43	611	12.27
2004	270,353,522		270,353,522	1.38	545	3,216,887	273,570,409	1.40	564	11.92
2003	294,523,522		294,523,522	1.61	607	5,706,969	300,230,491	1.64	634	13.69
2002	313,878,522		313,878,522	1.87	662	6,482,546	320,361,068	1.90	691	14.98

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, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Pima County	\$ 417,995,000	41.80 %	\$ 174,721,910
Community College District	14,635,000	41.80	6,117,430
City of Tucson	1,054,473,813	98.61	1,039,816,627
Subtotal, Overlapping Debt			<u>1,220,655,967</u>
Direct:			
Tucson Unified School District No. 1			<u>312,041,279</u>
Total Direct and Overlapping Debt			<u>\$ 1,532,697,246</u>

	<u>Direct and Overlapping Bonded Debt</u>	<u>Per Capita Direct and Overlapping Bonded Debt</u>	<u>As % of District's Total Secondary Assessed Valuation</u>	<u>As % of District's Estimated Full Cash Value</u>
Net Direct General Obligation Bonded Debt	\$ 306,905,000	\$ 734	7.73 %	0.85 %
Net Direct and Overlapping General Obligation Bonded Debt	977,850,610	2,339	24.63	2.70

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) Outstanding debt as of June 30, 2010 is presented for the overlapping governments as this is the most recent available information.

2) 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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2011:

Secondary assessed valuation	\$ 3,783,991,798
Debt limit (10% of assessed value)	378,399,180
Debt applicable to limit	<u>209,880,000</u>
Legal debt margin	<u><u>\$ 168,519,180</u></u>

Legal Debt Margin Calculation for Fiscal Year 2011:

Secondary assessed valuation	\$ 3,783,991,798
Debt limit (30% of assessed value)	1,135,197,539
Debt applicable to limit	<u>306,905,000</u>
Legal debt margin	<u><u>\$ 828,292,539</u></u>

Fiscal Year Ended June 30

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ 1,135,197,539	\$ 1,191,074,209	\$ 1,165,815,004	\$ 1,033,147,199	\$ 888,412,464
Total net debt applicable to limit	<u>306,905,000</u>	<u>265,260,000</u>	<u>295,085,000</u>	<u>268,955,000</u>	<u>255,460,000</u>
Legal debt margin	<u><u>\$ 828,292,539</u></u>	<u><u>\$ 925,814,209</u></u>	<u><u>\$ 870,730,004</u></u>	<u><u>\$ 764,192,199</u></u>	<u><u>\$ 632,952,464</u></u>
Total net debt applicable to the limit as a percentage of debt limit	27%	22%	25%	26%	29%
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limit	\$ 797,741,431	\$ 750,958,569	\$ 707,625,017	\$ 658,815,682	\$ 620,809,283
Total net debt applicable to limit	<u>275,055,000</u>	<u>299,160,000</u>	<u>270,353,522</u>	<u>294,523,522</u>	<u>313,878,522</u>
Legal debt margin	<u><u>\$ 522,686,431</u></u>	<u><u>\$ 451,798,569</u></u>	<u><u>\$ 437,271,495</u></u>	<u><u>\$ 364,292,160</u></u>	<u><u>\$ 306,930,761</u></u>
Total net debt applicable to the limit as a percentage of debt limit	34%	40%	38%	45%	51%

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>
2010	980,263	N/A	N/A	9.5 %	386,588
2009	1,018,012	\$ 34,516,424	\$ 33,833	8.3	418,074
2008	1,012,018	34,392,945	34,058	5.1	488,100
2007	1,003,235	31,646,777	31,755	3.7	520,556
2006	981,280	29,806,619	31,418	4.0	514,354
2005	957,635	26,703,829	28,869	4.6	509,626
2004	931,835	24,697,472	27,244	4.6	495,896
2003	911,160	22,953,195	25,777	5.3	484,894
2002	890,545	21,925,506	24,994	5.6	473,923
2001	870,610	21,386,801	24,833	4.3	463,314

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 is State of Arizona,
Department of Economic Security.

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>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Raytheon Missile Systems	10,500	4.95 %	10,100	2.98 %
The University of Arizona	10,481	4.94	13,408	3.96
State of Arizona	8,866	4.18	10,071	2.97
Davis-Monthan Air Force Base	8,462	3.99	8,346	2.46
Tucson Unified School District	6,709	3.16	7,604	2.25
Wal-Mart Stores Inc.	7,308	3.44		
U.S. Army, Fort Huachuca	6,225	2.93		
Pima County	6,403	3.02	7,830	2.31
City of Tucson	4,930	2.32	5,000	1.48
Freeport McMoran Copper & Gold Inc.	4,803	2.26		
Tohono O'Odham Nation	4,350	2.05		
Carondelet Health Network	4,690	2.21	3,596	1.06
Phelps Dodge Corp.			3,500	0.74
Asarco Inc.			2,445	0.72
Total	<u>83,727</u>	<u>39.45 %</u>	<u>71,900</u>	<u>20.93 %</u>
 Total employment	 <u>212,314</u>		 <u>342,900</u>	

Source: The source of this information is the City of Tucson's Comprehensive Annual Financial Report for fiscal year ended June 30, 2011.

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Supervisory					
Administrators	40	51	46	48	48
Principals	93	97	90	99	105
Assistant principals	45	55	67	72	68
Total supervisory	<u>178</u>	<u>203</u>	<u>203</u>	<u>219</u>	<u>221</u>
Instruction					
Teachers	2,832	3,106	3,291	3,406	3,397
Other certified	56	74	71	131	160
Instructional aides	591	552	564	568	562
Total instruction	<u>3,479</u>	<u>3,732</u>	<u>3,926</u>	<u>4,105</u>	<u>4,119</u>
Student Services					
Librarians	18	25	74	83	81
Food services	203	209	253	255	263
Other	396	485	767	713	750
Total student services	<u>617</u>	<u>719</u>	<u>1,094</u>	<u>1,051</u>	<u>1,094</u>
Support and Administration					
Custodians	470	480	333	323	333
Bus drivers/monitor	373	380	466	473	409
Other	958	966	977	1,036	1,037
Total support and administration	<u>1,801</u>	<u>1,826</u>	<u>1,776</u>	<u>1,832</u>	<u>1,779</u>
Total	<u><u>6,075</u></u>	<u><u>6,480</u></u>	<u><u>6,999</u></u>	<u><u>7,207</u></u>	<u><u>7,213</u></u>

(Continued)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Supervisory					
Administrators	52	53	42	62	75
Principals	99	105	103	104	100
Assistant principals	69	65	62	63	55
Total supervisory	<u>220</u>	<u>223</u>	<u>207</u>	<u>229</u>	<u>230</u>
Instruction					
Teachers	3,374	3,428	3,432	3,482	3,480
Other certified	199	141	88	70	89
Instructional aides	566	517	486	495	502
Total instruction	<u>4,139</u>	<u>4,086</u>	<u>4,006</u>	<u>4,047</u>	<u>4,071</u>
Student Services					
Librarians	85	93	89	104	98
Food services	272	277	290	326	366
Other	775	762	767	770	786
Total student services	<u>1,132</u>	<u>1,132</u>	<u>1,146</u>	<u>1,200</u>	<u>1,250</u>
Support and Administration					
Custodians	341	319	336	329	315
Bus drivers/monitor	456	451	441	447	420
Other	1,033	1,130	1,147	1,193	1,250
Total support and administration	<u>1,830</u>	<u>1,900</u>	<u>1,924</u>	<u>1,969</u>	<u>1,985</u>
Total	<u><u>7,321</u></u>	<u><u>7,341</u></u>	<u><u>7,283</u></u>	<u><u>7,445</u></u>	<u><u>7,536</u></u>

Source: The source of this information is the District's 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
2011	50,261	\$ 411,423,953	8,186	(1.09) %	\$ 458,910,854	9,131	2.47 %	2,832	17.7	68.6 %
2010	52,836	437,265,757	8,276	0.63	470,795,556	8,911	(4.18)	3,106	17.0	67.1
2009	54,186	445,611,442	8,224	(0.11)	503,888,557	9,299	(0.21)	3,291	16.5	63.3
2008	55,736	458,881,695	8,233	4.92	519,373,369	9,318	7.53	3,406	16.4	64.8
2007	57,118	448,223,222	7,847	2.03	494,989,071	8,666	1.17	3,397	16.8	62.9
2006	57,168	439,695,773	7,691	3.28	489,699,607	8,566	6.29	3,374	16.9	57.5
2005	57,348	427,053,129	7,447	6.00	462,174,603	8,059	6.31	3,428	16.7	58.1
2004	57,511	404,026,251	7,025	7.54	435,970,630	7,581	(4.53)	3,432	16.8	57.6
2003	58,297	380,833,630	6,533	5.44	462,907,132	7,940	11.17	3,482	16.7	56.6
2002	59,100	366,161,715	6,196	N/A	422,114,439	7,142	N/A	3,480	17.0	55.8

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

Notes: 1) Operating expenditures are total expenditures less debt service and capital outlay.

2) N/A indicates the information is not available due to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 not being adopted until fiscal year 2002.

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

	Fiscal Year Ended June 30									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Schools</u>										
Elementary										
Buildings	579	579	579	579	476	476	476	475	462	460
Square feet	3,549,471	3,549,471	3,549,471	3,549,471	3,405,730	3,405,730	3,390,372	3,388,526	3,355,931	3,346,458
Capacity	32,370	32,370	32,370	31,620	34,810	34,810	34,810	34,810	34,810	33,600
Enrollment	28,231	28,231	28,231	29,413	30,210	28,707	29,118	29,289	29,719	30,431
Middle										
Buildings	120	120	120	120	106	106	106	105	102	102
Square feet	1,726,343	1,726,343	1,726,343	1,726,343	1,700,595	1,700,595	1,700,595	1,699,295	1,692,380	1,692,380
Capacity	14,115	14,115	14,115	14,115	15,091	15,091	15,091	15,091	15,091	15,091
Enrollment	12,092	12,092	12,092	12,486	12,979	13,777	14,421	14,554	14,697	14,679
High										
Buildings	110	110	110	110	106	106	106	106	106	106
Square feet	3,272,318	3,272,318	3,272,318	3,272,318	3,252,069	3,252,069	3,252,069	3,252,069	3,252,069	3,252,069
Capacity	18,670	18,670	18,670	18,670	17,970	17,970	17,970	17,970	17,970	17,970
Enrollment	16,790	16,790	16,790	16,010	16,123	17,004	16,876	16,924	16,772	16,811
Other										
Buildings	28	28	28	28	22	22	22	22	22	22
Square feet	113,288	113,288	113,288	113,288	118,608	118,608	118,608	118,608	118,608	118,608
Capacity	300	300	300	300	300	300	300	300	300	300
Enrollment	250	250	250	193	282	282	299	304	300	309
<u>Administrative</u>										
Buildings	89	89	89	89	88	88	88	88	88	88
Square feet	410,510	410,510	410,510	410,510	408,778	408,778	408,778	408,778	408,778	408,778

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

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