

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**

**TUCSON, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Issued by:  
Financial Services Department

# TUCSON UNIFIED SCHOOL DISTRICT NO. 1

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## **INTRODUCTORY SECTION**

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## *Financial Services*

*1010 E, 10<sup>th</sup> Street  
Tucson, AZ 85719*

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December 21, 2010

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, 2010.

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, 2010, 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, 2010, 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 57,363 students, with a projected enrollment for 2010-11 of 55,613. The average age of the school buildings is 40.

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 Tucson Unified School District No.1 has 114 schools serving just over 53,000 students in prekindergarten through 12th grade. Eleven high schools, 16 middle schools, 69 elementary schools (4 K-8s), and 18 alternative schools which includes the District's Distance Learning School, offer comprehensive educational services. The District provides magnet/theme schools, technological, adaptive, bilingual, other alternative programs, and other services. The District is also a member of the Pima County Joint Technological District (JTED) and in 2008-09, over 2,000 TUSD high school students participated in JTED provided Career & Technical Education classes. Approximately 70 percent of the overall District enrollment in 2008-09 was minority and over 80 different languages are spoken in the District.

In 1978, a class-action lawsuit resulted in court-imposed desegregation of the District. Since that time, the District has taken steps to comply with the desegregation order and reach ethnic balance goals. An example of these efforts includes the development of 18 different magnet schools within the District. Magnet school offerings include specialized courses in aviation/aerospace, health-related studies, engineering, performing/visual arts, technology, communication arts/technology, law-related education and international/intercultural studies at the high school level.

On April 23, 2008, the Federal District Court handling the desegregation lawsuit determined that the District had remedied the vestiges of the past dual system to the extent practicable and granted "unitary" status to the District. The Federal District Court had retained jurisdiction and oversight over the case until acceptance by the Federal District Court of the District's Post-Unitary Plan (the Plan). After a yearlong Post-Unitary Plan development and review process which included working with select representatives of the plaintiffs on the Plan and gaining public input, the Governing Board approved the Post-Unitary Plan on July 30, 2009 and it was submitted to the Federal District Court. On December 18, 2009, the Court approved the TUSD Post-Unitary Status Plan and **ordered** that the 30 year old desegregation case is **closed**, and all federal judicial oversight of the operation of the Tucson Unified School District is ended.

The closure of the desegregation lawsuit case will not affect the District's ability to continue to obtain additional funding for desegregation purposes. The District's desegregation budget for fiscal year 2009-10 was just over \$57.2 million. The fiscal year 2010-11 budget indicates \$59.7 million. Now that the desegregation case is closed, this funding will be tied directly to the Plan goals and to maintaining any requirements previously identified under Office of Civil Rights agreements.

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 just over 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.

The University of Arizona was established in 1885 and is the oldest institution of higher education in the State. There are currently over 35,000 students enrolled at the University and approximately 7,800 degrees are awarded each year. Pima Community College has an enrollment of over 73,000 students and awards over 4,000 degrees/certificates each year.

The District faces problems similar to those of other urban school districts relating to high minority population, high mobility rates and high dropout rates. The mobility rate in fiscal year 2009 was 35.0 percent.

### **Long-term Financial Planning**

#### **A. District Facilities:**

State Initiatives: Under Arizona's "Students FIRST" school capital finance system enacted in 1998, the State of Arizona is to provide funding for school district capital needs and requires a State mandated School Facilities Board (SFB) to approve any new school construction. "Students FIRST" eliminates bonding for school construction required to meet State standards. Voter-approved bonds may fund capital improvement exceeding State standards.

The School Facilities Board administers the following programs:

1. **New School Facilities:** Determines land and new facilities needed due to an increase in the student population. Formulas produce the base amount for new facilities, but the SFB may authorize adjustments in certain circumstances. The Tucson Unified School District student population, geographic and facility make-up prevent it from qualifying for new schools under the formula.
2. **Building Renewal:** Establishes formula for funding needed to allow school districts to upgrade buildings to keep them "renewed" above the state established level for facility adequacy. The formula is based on building age, size and amount spent on prior renovations. The State has not funded the Building Renewal formula in 2008-09 nor has it been funded in 2009-10. Fortunately, the District has carried forward a Building Renewal preventive maintenance resource pool to continue the facility preventive maintenance schedule through 2010-11.
  - a. **District Initiatives:** In November 2004, voters in Tucson Unified School District passed approval to issue bonds to build additional classrooms, renovate science labs, purchase new buses, upgrade physical education facilities, upgrade performing arts facilities, make older buildings more energy efficient, and many other improvements. The District has authorized \$235.0 million in bonds, of which \$161.0 million has already been issued. In July of 2008, the District's underlying bond rating was upgraded by Moody's Investors Service to an A1 from an A2 for \$57.0 million in general obligation bonds the district issued at the end of July. The upgrade to the A1 rating was based primarily on the district's sizeable tax base and economy, modest debt levels and rapid payout of principal.
3. In the spring of 2010, the Governing Board approved the closure of four elementary schools. The action was done through a combination of both merger and closure. The schools were closed as result of prudent fiscal direction by the District to cut costs in poor economic times. The Governing Board is actively considering the closure of 5 additional schools in the new fiscal year.

**B. Technology Infrastructure:**

The District's Technology Master Plan is under revision and we are focusing on the Wide Area Network (WAN) to greatly improve the District's bandwidth. An increase in bandwidth is required to provide the greatest technology access and speed to our students and our staff having a substantial impact on the learning and working environment here at TUSD.

In order to fund this plan, the State has opened up the capital bond legislation to allow for technology expenditures. In addition, the District does have an opportunity to request a capital and/or Maintenance and Operations Override in November of 2010, to assist in funding the Technology Master Plan in the future.

### C. General Fund Efficiency Measures:

In November of 2009, the Governing Board approved the bid to replace our Enterprise Resource Planning System (ERP) - the Financial and Human Resources Software. Our PeopleSoft System is being replaced with the Lawson web based educational management software system. This change, to include automated time and attendance capture, is expected to save the District about \$2.0 million yearly in overhead operations costs.

During the fiscal year the District explored options to move towards School Wide III blended funding for Title 1 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 School Wide III scenario. The effect of the implementation is to improve District utilization of fiscal resources.

In December of 2009 the District posted a Request for Proposal (RFP) for a self funding medical insurance program. Under the model a district as large as ours has the opportunity to decrease insurance costs. In May, 2010, the final award recommendations for medical insurance was presented to the Governing Board and approved. In addition, a draft of the Trust Board document was submitted to the Governing Board for review. Immediately after the Governing Board meeting, TUSD began implementation of the self insurance model with third party administrator AmeriBen. The change from fully insured to self insured had an effective date of October 1, 2010. During June, 2010, the Governing Board approved the Trust Board document and funding level for the trust account (established to pay TUSD claim activity). Also in June, the criterion for trust board members was established and a posting published on the TUSD website welcoming community members to apply for three available positions.

**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?

School communities now can determine what type of “First Choice” model best meets the needs of their community's children. Instead of Tucson Unified School District, we become a District of public schools – each with its own focus and learning model. In order to facilitate this transformation, we instituted a site based budgeting process during fiscal year 2009 relevant to the budget development for fiscal year 2009-10. The schools were allowed to establish priorities and make budgetary recommendations to the superintendent and the Governing Board. This site-based budgeting process reflects the idea that those closest to the issues and the needs are best able to determine how limited resources can be used most effectively. This site-based budgeting process has already begun for the development of the fiscal year 2010-11 budgets.

## 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, 2009. This was the twenty-second 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, 2009. 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 2009-10 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

  
Adrienne Sanchez  
Assistant Director of Finance

**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, 2009**

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, 2009

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.



President

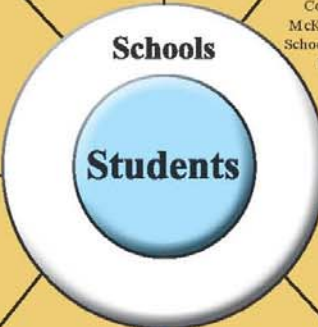
Executive Director

Governing Board: Judy Burns, President; Miguel Cuevas, Clerk; Bruce Burke; Adelita Grijalva; Dr. Mark Stegeman  
 Superintendent: Dr. Elizabeth Celia-Fagen  
 Assistant Superintendent  
 School Safety & Security  
 Middle School Leadership  
 Jim Fish

Assistant Superintendent  
 High School Leadership  
 Edith Macolin-Igquierdo, Ph.D.  
 Director of Middle Schools  
 16 Middle School Principals  
 5 K-8 School Principals  
 OMA/Fine arts Director  
 Curriculum & Instruction  
 Alternative to Suspensions  
 Integration Technology  
 School Councils  
 Student Equity

Assistant Superintendent  
 Government Programs & Community Outreach  
 Lupita Cavazos-Garcia, Ph.D.  
 Director of High Schools  
 11 High School Principals  
 1 K-12 School Principal  
 12 Alternative Level Schools  
 Career & Technical Education  
 Distance Learning  
 Dropout Prevention  
 Interscholastics  
 Curriculum & Instruction  
 Mexican American Studies  
 OMA/Fine Arts Director (HS level)  
 Pan Asian American Studies  
 School Councils (HS level)

Assistant Superintendent  
 Accountability and Research Planning Services  
 David Scott, Director  
 Financial Services  
 Purchasing  
 Food Services  
 Resource Development  
 Bonds Financing  
 Payroll  
 Benefits  
 Chief Financial Officer  
 Bonnie Beiz



Special Investigations, Post-Primary, Internal Compliance Officer  
 Risk Management  
 Chief Human Resources Officer  
 Nancy Woll  
 Chief Technology Officer, TBA  
 Education Technology Integration  
 Enterprise Resource Planner  
 Student Management  
 Server Administration  
 Data Networking  
 Voice Networking  
 Field Service  
 Help Desk  
 Interim Chief Operations Officer  
 John Carroll  
 Bond & Architecture  
 MIS & Planning  
 Maintenance & Repair  
 School Pride Appearance  
 School Pride Mechanical  
 Warehouse, Distribution, Inventory & Print Shop  
 Transportation

X

TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
PRINCIPAL OFFICIALS

ELECTED OFFICIALS

BOARD OF EDUCATION

PRESIDENT

Judy Burns

CLERK

Miguel Cuevas

MEMBERS

Bruce Burke

Adelita Grijalva

Dr. Mark Stegman

APPOINTED OFFICIALS

INTERIM SUPERINTENDENT

John Carroll, Ed.D.

ASSISTANT SUPERINTENDENT OF ELEMENTARY SCHOOLS

Maggie Shafer

ASSISTANT SUPERINTENDENT OF MIDDLE SCHOOLS

Jim Fish

ASSISTANT SUPERINTENDENT OF HIGH SCHOOLS

Edith Macklin-Isquierdo, Ph.D.

ASSISTANT SUPERINTENDENT OF GOVERNMENT PROGRAMS AND COMMUNITY  
OUTREACH

Lupita Cavazos-Garcia, Ph.D.

CHIEF FINANCIAL OFFICER

Bonnie Betz

INTERIM CHIEF OPERATIONS OFFICER

Candy Egbert

INTERIM CHIEF HUMAN RESOURCES OFFICER

Nancy Woll

REPORT PREPARED BY  
Financial Services Department

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## **FINANCIAL SECTION**

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

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

## 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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010, 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 52 through 54 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

December 21, 2010

**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, 2010**

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, 2010. 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 \$54.3 million which represents an increase of 12 percent from the prior fiscal year primarily due to efforts by the District to maximize budget and net cash carryforward for future year's expenditures combined with the retirement of debt in excess of the depreciation on the related assets.
- General revenues accounted for \$425.1 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 \$99.9 million or 19 percent of total current fiscal year revenues.
- The District had approximately \$470.8 million in expenses related to governmental activities, a decrease of approximately 7 percent from the prior fiscal year primarily due to a decrease in average daily membership and the reduction of District personnel.
- Among major funds, the General Fund had \$349.8 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$335.6 million in expenditures. The General Fund's fund balance increase from \$12.7 million at the prior fiscal year end to \$43.0 million at the end of the current fiscal year was primarily due to efforts by the District to maximize budget and cash carryforward for future year's expenditures.
- Net assets for the Internal Service Funds increased \$161,685 from the prior fiscal year. Operating expenses of \$2.2 million exceeded operating revenues by \$16,022 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, 2010**

**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, 2010**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'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, Unrestricted Capital Outlay, 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 workers' compensation claims. Because this service predominantly benefits government functions, it has 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, 2010**

**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 \$498.6 million at the current fiscal year end.

The largest portion of the District's net assets (82 percent) 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 (5 percent) are restricted by statute for the specified purposes of 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, 2010 and June 30, 2009.

	As of <u>June 30, 2010</u>	As of <u>June 30, 2009</u>
Current and other assets	\$ 190,575,394	\$ 172,834,088
Capital assets, net	<u>646,153,551</u>	<u>632,558,820</u>
<b>Total assets, net</b>	<u>836,728,945</u>	<u>805,392,908</u>
Current and other liabilities	46,883,558	34,761,620
Long-term liabilities	<u>291,199,875</u>	<u>326,247,943</u>
<b>Total liabilities</b>	<u>338,083,433</u>	<u>361,009,563</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	408,491,273	395,715,727
Restricted	26,714,726	28,815,960
Unrestricted	<u>63,439,513</u>	<u>19,851,658</u>
<b>Total net assets</b>	<u>\$ 498,645,512</u>	<u>\$ 444,383,345</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

**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 \$31.8 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The depreciation of capital assets resulting in an increase of \$20.5 million in accumulated depreciation.
- The principal retirement of \$29.8 million of bonds.

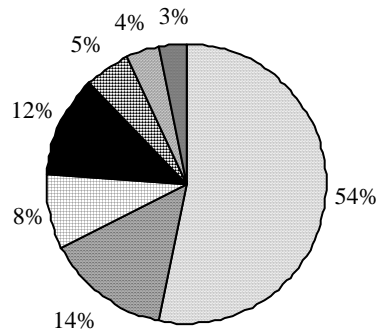
**Changes in net assets.** The District's total revenues for the current fiscal year were \$525.1 million. The total cost of all programs and services was \$470.8 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

	Fiscal Year Ended <u>June 30, 2010</u>	Fiscal Year Ended <u>June 30, 2009</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 17,189,914	\$ 13,590,286
Operating grants and contributions	77,282,861	66,930,683
Capital grants and contributions	5,455,281	1,675,625
General revenues:		
Property taxes	187,944,662	190,285,656
Investment income	1,099,217	2,134,966
Unrestricted county aid	12,191,663	141,544
Unrestricted state aid	202,282,511	229,617,096
Unrestricted federal aid	21,611,614	1,380,955
<b>Total revenues</b>	<u>525,057,723</u>	<u>505,756,811</u>
<b>Expenses:</b>		
Instruction	249,555,054	274,064,584
Support services – students and staff	68,096,321	73,312,642
Support services – administration	40,736,506	42,115,765
Operation and maintenance of plant services	55,307,716	57,068,774
Student transportation services	24,061,246	23,266,202
Operation of non-instructional services	18,992,991	19,192,468
Interest on long-term debt	14,045,722	14,868,122
<b>Total expenses</b>	<u>470,795,556</u>	<u>503,888,557</u>
<b>Change in net assets</b>	<u>\$ 54,262,167</u>	<u>\$ 1,868,254</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

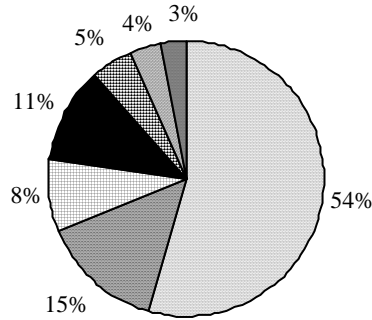
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Fiscal Year 2009-10 Expenses**



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

**Fiscal Year 2008-09 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 increase of \$3.6 million in charges for services is primarily due to an increase in joint technological education funding due to the District enhancing existing programs and expanded new programs.
- The increase of \$10.4 million in operating grants and contributions is primarily due to an increase in Title I Grants funding as a result of the American Recovery and Reinvestment Act (ARRA).
- The increase of \$12.1 million in unrestricted county aid was a result of the expiration of a three year suspension of county equalization payments by the Arizona State Legislature.
- The decrease in unrestricted state aid and the increase in unrestricted federal aid was due to the ARRA State Fiscal Stabilization monies provided as a means to supplement the loss of state funding.
- The decrease in instruction of \$24.5 million was primarily due to a decrease in average daily membership and the reduction of District personnel.

The following table presents the cost of the seven major District functional activities: instruction, support services – students and staff, support services – administration, operation and maintenance of plant services, student transportation services, operation of non-instructional services and interest on long-term debt. 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, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)**

	<u>Year Ended June 30, 2010</u>		<u>Year Ended June 30, 2009</u>	
	Total	Net	Total	Net
	Expenses	(Expense)/ Revenue	Expenses	(Expense)/ Revenue
Instruction	\$ 249,555,054	\$(190,519,813)	\$ 274,064,584	\$(231,406,153)
Support services – students and staff	68,096,321	(50,827,057)	73,312,642	(57,340,424)
Support services – administration	40,736,506	(39,529,470)	42,115,765	(40,965,731)
Operation and maintenance of plant services	55,307,716	(53,649,606)	57,068,774	(55,526,884)
Student transportation services	24,061,246	(23,814,854)	23,266,202	(23,189,459)
Operation of non-instructional services	18,992,991	1,519,022	19,192,468	1,604,810
Interest on long-term debt	14,045,722	(14,045,722)	14,868,122	(14,868,122)
<b>Total</b>	<u>\$ 470,795,556</u>	<u>\$(370,867,500)</u>	<u>\$ 503,888,557</u>	<u>\$(421,691,963)</u>

- The cost of all governmental activities this year was \$470.8 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$99.9 million.
- Net cost of governmental activities of \$370.9 million was financed by general revenues, which are made up of primarily property taxes of \$187.9 million and state aid of \$202.3 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, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined unreserved fund balance of \$116.7 million, a decrease of \$4.1 million due to the utilization of \$23.9 million of bond proceeds received in a prior year for current year projects combined with efforts by the District to maximize budget and net cash carryforward in levy funds (General Fund and Unrestricted Capital Outlay Fund).

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

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

The General Fund comprises 32 percent of the total fund balance. Approximately \$24.4 million, or 57 percent of the General Fund's fund balance constitutes unreserved fund balance. The remaining fund balance of \$18.6 million is reserved fund balance and is not available for as described in Note 10.

The General Fund is the principal operating fund of the District. The increase in unreserved fund balance of \$14.2 million was a result of efforts by the District to maximize budget and net cash carryforward in levy funds for future year's expenditures. General Fund revenues increased \$16.4 million as a result of the expiration of a three year suspension of county equalization payments by the Arizona State Legislature and an increase in the primary property tax levy for the General Fund. General Fund expenditures decreased \$14.6 million. This was a result of efforts by the District to reduce personnel and a decrease in average daily membership.

The Title I Grants Fund revenue and expenditures and transfers increased \$11.6 million due to the receipt of American Recovery Reinvestment Act (ARRA) monies utilized to hire teachers and increase tutoring programs.

The Unrestricted Capital Outlay Fund's fund balance increased \$1.8 million. Revenues increased \$2.2 million due to a change in the apportionment of revenues among the levy funds. Expenditures of the Unrestricted Capital Outlay Fund increased \$12.8 million due to the utilization of the Capital Outlay Revenue limit for capital expenditures.

The Bond Building Fund's fund balance decreased \$23.9 million due to the utilization of bond proceeds received in a prior year for current year projects. The Bond Building Fund expenditures decreased \$12.5 million due more activity related to projects occurring in the prior fiscal year.

**Proprietary funds.** During the current fiscal year, the District's contributions to the workers' compensation self-insurance fund were \$2.2 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 \$800,069. The increase of \$161,685 from the prior fiscal year was primarily due to investment income earned during the fiscal year.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for changes due to growth in special education and State Fiscal Stabilization Fund monies. The difference between the original budget and the final amended budget was less than one percent.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

**BUDGETARY HIGHLIGHTS (Concl'd)**

The revenue budget for the General Fund was not revised resulting in the following significant variances:

- The \$12.3 million favorable variance of in other local revenue was the result of the District not budgeting for the reinstatement of county equalization assistance which was suspended in prior years.
- The \$7.3 million unfavorable in property taxes was the result of the District setting the tax rate on the adopted expenditure budget where the capital revenue outlay limit was allocated to the General Fund.
- The \$25.2 million unfavorable variance in state aid and grants was a primarily due to the District expecting state equalization revenues to be consistent with the prior fiscal year.
- The \$20.3 million favorable variance in federal aid, grants and reimbursements was due to the ARRA State Fiscal Stabilization fund monies provided by the federal government.

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 \$2.9 million favorable variance in student transportation services was a result of an increase in the budget formula. In addition, the District budgeted a transfer in of \$3.8 million. The transfer was anticipated to be made to accommodate mid-year legislative reductions; however, was not performed due to year end expenditure reductions.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of year end, the District had invested \$889.8 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 \$31.8 million from the prior fiscal year, primarily due to the purchase of several pupil transportation vehicles as well as renovation projects throughout the District. Total depreciation expense for the year was \$20.5 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2010 and June 30, 2009.

	As of June 30, 2010	As of June 30, 2009
Capital assets – non-depreciable	\$ 51,081,440	\$ 56,390,071
Capital assets – depreciable, net	595,072,111	576,168,749
<b>Total</b>	<u>\$ 646,153,551</u>	<u>\$ 632,558,820</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)**

The estimated cost to complete current construction projects is \$8.3 million. Additional information on the District's capital assets can be found in Note 5.

**Debt Administration.** At year end, the District had \$272.5 million in long-term debt outstanding, \$33.6 million due within one year. This represents a net decrease of \$25.7 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% of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$925.8 million and the Class B debt limit is \$236.0 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 6 through 8.

**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 2010-11 budget. Among them:

- Fiscal year 2009-10 budget balance carry forward (estimated \$2.6 million).
- District student population (estimated 55,613 with pre-k, 55,603 without pre-k).
- Legislation eliminating state excess utilities funding.
- Legislation allowing the use of certain capital projects funds for maintenance and operations purposes.

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 less than one percent to \$336.7 million in fiscal year 2010-11. A decrease in enrollment and cuts in state funding are the primary reasons for the decrease. No new programs were added to the 2010-11 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, 2010**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 108,530,785
Property taxes receivable	9,711,329
Accounts receivable	438,157
Due from governmental entities	66,032,327
Prepaid items	174,846
Inventory, at cost	2,818,085
Total current assets	187,705,529
Noncurrent assets:	
Cash and investments-restricted	2,869,865
Land	11,371,623
Land improvements	51,481,467
Buildings and improvements	729,100,244
Vehicles, furniture and equipment	58,165,449
Construction in progress	39,709,817
Accumulated depreciation	(243,675,049)
Total noncurrent assets	649,023,416
<b>Total assets</b>	<b>836,728,945</b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Overdraft of cash on deposit	8,091,260
Accounts payable	7,513,845
Construction contracts payable	2,148,863
Claims payable	1,860,231
Accrued payroll and employee benefits	19,731,877
Compensated absences payable	2,000,000
Unearned revenues	764,022
Obligations under capital leases	2,119,692
Bonds payable	31,530,000
Total current liabilities	75,759,790
Noncurrent liabilities:	
Deferred premium	510,552
Claims payable	6,262,908
Non-current portion of long-term obligations	255,550,183
Total non-current liabilities	262,323,643
<b>Total liabilities</b>	<b>338,083,433</b>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	408,491,273
Restricted for:	
Debt service	13,599,040
Capital outlay	13,115,686
Unrestricted	63,439,513
<b>Total net assets</b>	<b>\$ 498,645,512</b>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 249,555,054	\$ 12,652,780	\$ 40,927,180	\$ 5,455,281	\$ (190,519,813)
Support services - students and staff	68,096,321		17,269,264		(50,827,057)
Support services - administration	40,736,506		1,207,036		(39,529,470)
Operation and maintenance of plant services	55,307,716	897,087	761,023		(53,649,606)
Student transportation services	24,061,246		246,392		(23,814,854)
Operation of non-instructional services	18,992,991	3,640,047	16,871,966		1,519,022
Interest on long-term debt	14,045,722				(14,045,722)
<b>Total governmental activities</b>	<u>\$ 470,795,556</u>	<u>\$ 17,189,914</u>	<u>\$ 77,282,861</u>	<u>\$ 5,455,281</u>	<u>(370,867,500)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	142,759,522
Property taxes, levied for debt service	44,806,399
Property taxes, levied for capital outlay	378,741
Investment income	1,099,217
Unrestricted county aid	12,191,663
Unrestricted state aid	202,282,511
Unrestricted federal aid	21,611,614
<b>Total general revenues</b>	<u>425,129,667</u>

<b>Changes in net assets</b>	54,262,167
<b>Net assets, beginning of year</b>	<u>444,383,345</u>
<b>Net assets, end of year</b>	<u>\$ 498,645,512</u>

**The notes to the 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, 2010**

	<u>General</u>	<u>Title I Grants</u>	<u>Unrestricted Capital Outlay</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 15,482,263	\$	\$
Cash and investments-restricted			2,869,865
Property taxes receivable	7,341,670		33,148
Accounts receivable			
Due from governmental entities	52,698,545	6,242,400	184,221
Due from other funds			9,000,000
Prepaid items			
Inventory, at cost	2,361,991		
<b>Total assets</b>	<u>\$ 77,884,469</u>	<u>\$ 6,242,400</u>	<u>\$ 12,087,234</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Overdraft of cash on deposit	\$	\$	\$ 8,091,260
Accounts payable	2,780,496	2,093,489	916,275
Construction contracts payable			
Due to other funds	10,817,570	2,008,622	64
Accrued payroll and employee benefits	15,179,095	2,140,289	
Deferred revenues	6,113,624		23,378
<b>Total liabilities</b>	<u>34,890,785</u>	<u>6,242,400</u>	<u>9,030,977</u>
Fund balances:			
Reserved	18,561,991		
Unreserved:			
Undesignated	24,431,693		3,056,257
Unreserved reported in:			
Special revenue funds			
Capital projects funds			
Debt service funds			
<b>Total fund balances</b>	<u>42,993,684</u>		<u>3,056,257</u>
<b>Total liabilities and fund balances</b>	<u>\$ 77,884,469</u>	<u>\$ 6,242,400</u>	<u>\$ 12,087,234</u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 34,076,905	\$ 52,259,967	\$ 101,819,135
		2,869,865
	2,336,511	9,711,329
	438,157	438,157
	6,907,161	66,032,327
	2,896,323	11,896,323
118,566		118,566
	456,094	2,818,085
<u>\$ 34,195,471</u>	<u>\$ 65,294,213</u>	<u>\$ 195,703,787</u>

\$	\$	\$ 8,091,260
	1,678,863	7,469,123
2,093,077	55,786	2,148,863
5,426	1,264,641	14,096,323
43,553	2,368,940	19,731,877
	2,292,986	8,429,988
<u>2,142,056</u>	<u>7,661,216</u>	<u>59,967,434</u>

	456,094	19,018,085
32,053,415		59,541,365
	35,070,776	35,070,776
	10,021,722	10,021,722
	12,084,405	12,084,405
<u>32,053,415</u>	<u>57,632,997</u>	<u>135,736,353</u>
<u>\$ 34,195,471</u>	<u>\$ 65,294,213</u>	<u>\$ 195,703,787</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, 2010**

**Total governmental fund balances** **\$ 135,736,353**

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	\$ 889,828,600	
Less accumulated depreciation	<u>(243,675,049)</u>	646,153,551

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

Property taxes	6,470,161	
Intergovernmental	<u>1,195,805</u>	7,665,966

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. (510,552)

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. 800,069

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

Compensated absences payable	(18,683,904)	
Obligations under capital leases	(7,255,971)	
Bonds payable	<u>(265,260,000)</u>	<u>(291,199,875)</u>

**Net assets of governmental activities** **\$ 498,645,512**

**The notes to the 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, 2010**

	<u>General</u>	<u>Title I Grants</u>	<u>Unrestricted Capital Outlay</u>
<b>Revenues:</b>			
Other local	\$ 12,407,954	\$	\$ 158,669
Property taxes	142,134,290		505,180
State aid and grants	173,655,971		9,796,912
Federal aid, grants and reimbursements	<u>21,611,614</u>	<u>32,243,159</u>	
<b>Total revenues</b>	<u>349,809,829</u>	<u>32,243,159</u>	<u>10,460,761</u>
<b>Expenditures:</b>			
Current -			
Instruction	175,453,124	17,303,392	
Support services - students and staff	45,722,953	8,820,805	
Support services - administration	37,331,698	752,286	
Operation and maintenance of plant services	54,025,933	186,758	
Student transportation services	22,635,512	222,669	
Operation of non-instructional services	455,973		
Capital outlay		3,458,792	16,205,848
Debt service -			
Interest and fiscal charges			150,769
Principal retirement			<u>3,179,537</u>
<b>Total expenditures</b>	<u>335,625,193</u>	<u>30,744,702</u>	<u>19,536,154</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>14,184,636</u>	<u>1,498,457</u>	<u>(9,075,393)</u>
<b>Other financing sources (uses):</b>			
Transfer in	7		
Transfer out		(1,498,457)	
Capital lease agreements			<u>7,254,921</u>
<b>Total other financing sources (uses)</b>	<u>7</u>	<u>(1,498,457)</u>	<u>7,254,921</u>
<b>Changes in fund balances</b>	<u>14,184,643</u>		<u>(1,820,472)</u>
<b>Fund balances, beginning of year</b>	12,720,829		4,876,729
Increase in reserved fund balance	16,088,212		
<b>Fund balances, end of year</b>	<u>\$ 42,993,684</u>	<u>\$</u>	<u>\$ 3,056,257</u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 143,512	\$ 22,491,222	\$ 35,201,357
	44,958,651	187,598,121
	20,924,937	204,377,820
	43,172,650	97,027,423
<u>143,512</u>	<u>131,547,460</u>	<u>524,204,721</u>
	37,445,630	230,202,146
	14,892,572	69,436,330
	2,240,889	40,324,873
	1,125,820	55,338,511
	334,939	23,193,120
	18,314,804	18,770,777
23,904,294	7,632,344	51,201,278
	13,928,320	14,079,089
	29,825,000	33,004,537
<u>23,904,294</u>	<u>125,740,318</u>	<u>535,550,661</u>
<u>(23,760,782)</u>	<u>5,807,142</u>	<u>(11,345,940)</u>
	3,228,386	3,228,393
(115,161)	(1,614,775)	(3,228,393)
		7,254,921
<u>(115,161)</u>	<u>1,613,611</u>	<u>7,254,921</u>
<u>(23,875,943)</u>	<u>7,420,753</u>	<u>(4,091,019)</u>
55,929,358	50,204,328	123,731,244
	7,916	16,096,128
<u>\$ 32,053,415</u>	<u>\$ 57,632,997</u>	<u>\$ 135,736,353</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, 2010**

**Net changes in fund balances - total governmental funds** **\$ 12,005,109**

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	\$ 34,878,196	
Less current year depreciation	<u>(20,466,354)</u>	14,411,842

Issuance of capital leases provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Assets.		(7,254,921)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	346,541	
Intergovernmental	<u>1,195,805</u>	1,542,346

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	3,179,537	
Bond principal retirement	<u>29,825,000</u>	33,004,537

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

Loss on disposal of capital assets	(817,111)	
Amortization of deferred bond items	33,367	
Compensated absences	<u>1,175,313</u>	391,569

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.		<u>161,685</u>
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**Change in net assets in governmental activities** **\$ 54,262,167**

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2010**

	Governmental Activities: Internal Service Fund
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 6,711,650
Due from other funds	2,200,000
Prepaid items	56,280
<b>Total assets</b>	<b>8,967,930</b>
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	44,722
Claims payable	1,860,231
Total current liabilities	1,904,953
Noncurrent liabilities:	
Claims payable	6,262,908
Total non-current liabilities	6,262,908
<b>Total liabilities</b>	<b>8,167,861</b>
 <b><u>NET ASSETS</u></b>	
Unrestricted	800,069
<b>Total net assets</b>	<b>\$ 800,069</b>

**The notes to the 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 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Activities: Internal Service Fund
<b>Operating revenues:</b>	
Contributions	\$ 2,200,000
<b>Total operating revenues</b>	2,200,000
<b>Operating expenses:</b>	
Other	5,441
Claims	1,711,635
Premiums	349,579
Administrative fees	149,367
<b>Total operating expenses</b>	2,216,022
<b>Operating loss</b>	(16,022)
<b>Nonoperating revenues (expenses):</b>	
Investment income	177,707
<b>Total nonoperating revenues     (expenses)</b>	177,707
<b>Changes in net assets</b>	161,685
<b>Total net assets, beginning of year</b>	638,384
<b>Total net assets, end of year</b>	\$ 800,069

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Governmental Activities: Internal Service Fund</u>
<b><u>Increase in Cash and Cash Equivalents</u></b>	
<b>Cash flows from operating activities:</b>	
Cash received from contributions	\$ 2,200,000
Cash payments for claims	(1,711,635)
Cash payments to suppliers for goods and services	<u>(496,757)</u>
<b>Net cash used for operating activities</b>	<u>(8,392)</u>
<b>Cash flows from investing activities:</b>	
Purchase of investments	(3,952,250)
Proceeds from sale of investments	4,709,499
Investment income	<u>177,707</u>
<b>Net cash provided by investing activities</b>	<u>934,956</u>
<b>Net increase in cash and cash equivalents</b>	926,564
<b>Cash and cash equivalents, beginning of year</b>	<u>5,785,086</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 6,711,650</u></u>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u></b>	
Operating loss	\$ (16,022)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Changes in assets and liabilities:	
Decrease in prepaid items	6,240
Increase in accounts payable	<u>1,390</u>
Total adjustments	<u>7,630</u>
Net cash used for operating activities	<u><u>\$ (8,392)</u></u>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2010**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 8,167,862
<b>Total assets</b>	<u>\$ 8,167,862</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	6,073,713
Due to student groups	<u>2,094,149</u>
<b>Total liabilities</b>	<u>\$ 8,167,862</u>

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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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.

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, 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 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.

**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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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.

**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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures have been recognized. Compensated absences and judgments payable 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 Fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds. It is described as the Maintenance and Operation Fund by A.R.S.

Title I Grants Fund – The Title I Grants Fund accounts for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

Unrestricted Capital Outlay Fund – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

Additionally, the District reports the following fund types:

Proprietary Fund – The Proprietary Fund is an Internal Service Fund that accounts for the financing of the District's self-insurance for 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.

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 for workers' compensation. Operating expenses for the internal service fund includes the cost of 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 and certificates of deposit.

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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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

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.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**G. Inventory**

All inventories are valued at cost using the average cost method. Inventories are recorded as expenses when consumed in the government-wide financial statements. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenditures when purchased in the fund financial statements and are offset by a reserve of fund balance.

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.

**H. 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. Prepaid items are not material and therefore are not offset by a reserve of fund balance.

**I. 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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**J. 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.

**K. Long-term Obligations**

In the government-wide financial statements, and proprietary fund type 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.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**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 and after nonoperating revenues/expenses in the proprietary fund.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**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 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**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 3 – 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 \$21,222,616 and the bank balance was \$21,244,431. At year end, \$500,000 of the District's deposits were covered by Federal depository insurance, \$10,047,633 were guaranteed under the transaction account guarantee component of the Temporary Liquidity Guarantee Program, and \$10,696,798 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, 2010**

**NOTE 3 – 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	\$ 2,869,865
County Treasurer's investment pool	177 days average	50,786,058
State Treasurer's investment pool 7	29 days average	44,689,974
Total		<u>\$ 98,345,897</u>

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

*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 Treasurers' investment pool did not receive a credit quality rating from a national rating agency. Investments in the State Treasurer's investment pool 7 were rated AAA by Standard and Poor's. The District's investments in U.S. agencies were rated Aaa by Moody's Investor Services and AAAM by Standard & Poors.

*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, 2010**

**NOTE 4 – 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.

	General Fund	Title I Grants Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from Federal government	\$	\$6,242,400	\$	\$ 2,569,217
Due from State government	52,499,198		184,221	4,273,599
Due from County government	199,347			
Due from other districts				64,345
Net due from governmental entities	\$52,698,545	\$6,242,400	\$ 184,221	\$ 6,907,161

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.

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 4,917,819	\$
Delinquent property taxes receivable (Unrestricted Capital Outlay Fund)	23,378	
Delinquent property taxes receivable (Non-Major governmental funds)	1,528,964	
Measurable but unavailable revenues (General Fund)	1,195,805	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major governmental funds)		764,022
Total deferred revenue for governmental funds	\$ 7,665,966	\$ 764,022

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 5 – CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 11,371,623	\$	\$	\$ 11,371,623
Construction in progress	45,018,448	31,094,669	36,403,300	39,709,817
Total capital assets, not being depreciated	<u>56,390,071</u>	<u>31,094,669</u>	<u>36,403,300</u>	<u>51,081,440</u>
Capital assets, being depreciated:				
Land improvements	50,167,598	1,755,619	441,750	51,481,467
Buildings and improvements	695,258,357	34,327,684	485,797	729,100,244
Vehicles, furniture and equipment	56,258,749	4,103,524	2,196,824	58,165,449
Total capital assets being depreciated	<u>801,684,704</u>	<u>40,186,827</u>	<u>3,124,371</u>	<u>838,747,160</u>
Less accumulated depreciation for:				
Land improvements	(19,419,559)	(1,892,972)	(249,836)	(21,062,695)
Buildings and improvements	(179,466,701)	(14,634,465)	(134,296)	(193,966,870)
Vehicles, furniture and equipment	(26,629,695)	(3,938,917)	(1,923,128)	(28,645,484)
Total accumulated depreciation	<u>(225,515,955)</u>	<u>(20,466,354)</u>	<u>(2,307,260)</u>	<u>(243,675,049)</u>
Total capital assets, being depreciated, net	<u>576,168,749</u>	<u>19,720,473</u>	<u>817,111</u>	<u>595,072,111</u>
Governmental activities capital assets, net	<u>\$ 632,558,820</u>	<u>\$ 50,815,142</u>	<u>\$ 37,220,411</u>	<u>\$646,153,551</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$17,730,936
Support services – students and staff	161,585
Support services – administration	567,425
Operation and maintenance of plant services	235,391
Student transportation services	1,598,354
Operation of non-instructional services	172,663
Total depreciation expense – governmental activities	<u>\$20,466,354</u>

**Construction Commitments** – At year end, the District had contractual commitments related to various capital projects. At year end the District had spent \$39.7 million on the projects and had estimated remaining contractual commitments of \$8.3 million. These projects are being funded primarily with bond proceeds.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 6 – 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, 2010, lease proceeds of \$2.9 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 are used to pay the capital lease obligations. 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.

Year Ending June 30:	Governmental Activities
2011	\$ 2,351,600
2012	2,161,394
2013	1,909,633
2014	1,499,509
Total minimum lease payments	<u>7,922,136</u>
Less: amount representing interest	666,165
Present value of minimum lease payments	<u>\$ 7,255,971</u>
Due within one year	\$ 2,119,692
 Asset:	
Vehicles and equipment	\$ 12,665,993
Less: Accumulated depreciation	3,352,350
Total	<u>\$ 9,313,643</u>

**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 \$184,030 for the current fiscal year. The operating leases have remaining noncancelable lease terms from 1 to 4 years and provide renewal options. The future minimum rental payments required under the operating leases at year end were as follows.

Year Ending June 30:	
2011	\$ 178,956
2012	116,989
2013	29,965
2014	1,892
Total minimum payments required	<u>\$ 327,802</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 7 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$74.0 million remained unissued at fiscal year end. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay the bonded debt.

Description	Original Amount Issued	Interest Rates	Maturity	Outstanding Principal June 30, 2010	Due Within One Year
<b>Governmental activities:</b>					
School Improvement Bonds, 1993	\$ 90,000,000	6.75%	7/1/11	\$ 3,760,000	\$ 3,760,000
School Improvement Bonds, 1994	30,000,000	8.375%	7/1/13	3,000,000	
Refunding Bonds, 2004 School Improvement Bonds, 2005 (Class B)	140,140,000	3.00-4.75%	7/1/11-14	72,155,000	2,190,000
Refunding Bonds, 2006 School Improvement Bonds, 2006 (Class B)	47,000,000	3.00-5.00%	7/1/11-24	38,445,000	2,085,000
School Improvement Bonds, 2007 (Class B)	47,825,000	3.70-5.00%	7/1/12-13	47,315,000	23,255,000
School Improvement Bonds, 2008 (Class B)	10,000,000	4.00-5.00%	7/1/11-26	5,385,000	240,000
School Improvement Bonds, 2007 (Class B)	47,000,000	4.375-5.00%	7/1/15-28	39,200,000	
School Improvement Bonds, 2008 (Class B)	57,000,000	3.25-5.00%	7/1/12-27	56,000,000	
Total				<u>\$ 265,260,000</u>	<u>\$ 31,530,000</u>

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
2011	\$ 31,530,000	\$ 12,096,506
2012	34,820,000	10,732,924
2013	34,920,000	9,182,899
2014	36,640,000	7,450,492
2015	10,935,000	5,726,168
2016-20	43,910,000	22,710,203
2021-25	48,250,000	13,675,840
2026-29	24,255,000	2,162,520
Total	<u>\$ 265,260,000</u>	<u>\$ 83,737,552</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 8 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 295,085,000	\$	\$29,825,000	\$ 265,260,000	\$ 31,530,000
Obligations under capital leases	3,180,587	7,254,921	3,179,537	7,255,971	2,119,692
Compensated absences payable	19,859,217	3,806,023	4,981,336	18,683,904	2,000,000
Governmental activity long-term liabilities	<u>\$ 318,124,804</u>	<u>\$11,060,944</u>	<u>\$37,985,873</u>	<u>\$ 291,199,875</u>	<u>\$ 35,649,692</u>

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows.

**Due to/from other funds:**

<u>Due to</u>	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$	\$ 1,817,570	\$ 1,817,570
Title I Grants Fund		2,008,622	2,008,622
Unrestricted Capital Outlay Fund	9,000,000	64	9,000,064
Bond Building Fund		5,426	5,426
Non-Major Governmental and Other Funds		1,264,641	1,264,641
Total	<u>\$ 9,000,000</u>	<u>\$ 5,096,323</u>	<u>\$ 14,096,323</u>

Due to/from other funds consisted of (1) the General Fund, Title I Grants Fund, and non-major governmental funds owed the Internal Service Fund \$2.2 million for workers' compensation contributions, (2) the General Fund owed the Unrestricted Capital Outlay Fund \$9.0 million related to a correction of revenue apportionment, (3) the Title I Grants Fund, a major governmental fund, and several non-major federal grant funds, owed monies to the Indirect Costs Fund, a non-major governmental fund, and (4) 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. However, negative cash remained after interfund borrowing, resulting in an overdraft with the County Treasurer in the Unrestricted Capital Outlay Fund of \$8.1 million. All interfund balances are expected to be paid within one year.

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)**

**Interfund transfers:**

	Transfers in		
	General Fund	Non-Major Governmental Funds	Total
Transfers out			
Title I Grants Fund	\$	\$ 1,498,457	\$1,498,457
Bond Building Fund		115,161	115,161
Non-Major Governmental Funds	7	1,614,768	1,614,775
Total	<u>\$ 7</u>	<u>\$ 3,228,386</u>	<u>\$3,228,393</u>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, a non-major governmental fund, (2) to move a cash balance remaining in a discontinued fund to the General Fund, (3) to move Federal grant funds restricted for indirect costs to the Indirect Costs Fund, a non-major governmental fund, and (4) to reclassify funds among the non-major governmental funds.

**NOTE 10 – RESERVED FUND BALANCE**

At year end, fund balance was reserved for amounts that were not available for expenditures as follows.

	General Fund	Non-Major Governmental Funds
Deposits in transit	\$ 16,200,000	\$
Inventory	2,361,991	456,094
Reserved fund balance	<u>\$ 18,561,991</u>	<u>\$ 456,094</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 11 – CONTINGENT LIABILITIES**

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time.

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 2010, two 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.

**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.

**Arbitrage** – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

**NOTE 12 – RISK MANAGEMENT**

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

The District was unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. Therefore, the District established the Workers' Compensation Fund (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

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 12 – RISK MANAGEMENT (Concl'd)**

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.

Changes in the balances of claims liabilities during the past two years are as follows.

	Year Ended June 30, 2010	Year Ended June 30, 2009
Unpaid claims, beginning of fiscal year	\$ 8,123,139	\$ 7,777,543
Incurred claims	1,711,635	2,176,072
Claim payments	(1,711,635)	(1,830,476)
Unpaid claims, end of fiscal year	<u>\$ 8,123,139</u>	<u>\$ 8,123,139</u>

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 health and dental insurance in fiscal year 2009-10. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 13 – RETIREMENT PLAN**

**Plan Description** – The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System (ASRS). The ASRS (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System 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, 2010**

**NOTE 13 – RETIREMENT PLAN (Concl'd)**

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-0250 or by calling (602) 240-2000 or (800) 621-3778.

**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 9.40 percent (9.00 percent for retirement and 0.40 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 9.40 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 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:			
2010	\$22,256,522	\$ 1,761,308	\$ 1,067,459
2009	22,738,345	2,732,016	1,422,925
2008	24,217,507	3,158,805	1,504,193

**NOTE 14 – SUBSEQUENT EVENTS**

On July 14, 2010, the District issued the remaining \$74.0 million in authorized School Improvement Bonds to be used for various construction and renovation projects throughout the District.

On December 22, 2010, the District issued \$45.7 million in refunding bonds including \$175,000 in supplemental interest certificates with an effective interest rate of 2.0 percent, to advance refund \$45.7 million of general obligation bonds, with an average interest rate of 4.0 percent.

Effective July 1, 2010, the District established the Tucson Unified School District Employee Benefit Trust to provide a self-insurance program to provide and maintain health and welfare benefits for employees and certain eligible members of their families. The District has established an internal service fund to account for activity related to the Trust.

**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 FUND**  
**YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Other local	\$ 60,000	\$ 60,000	\$ 12,407,954	\$ 12,347,954
Property taxes	149,426,228	149,426,228	142,134,290	(7,291,938)
State aid and grants	198,859,175	198,859,175	173,655,971	(25,203,204)
Federal aid, grants and reimbursements	1,300,000	1,300,000	21,611,614	20,311,614
<b>Total revenues</b>	<b>349,645,403</b>	<b>349,645,403</b>	<b>349,809,829</b>	<b>164,426</b>
<b>Expenditures:</b>				
<b>Regular education</b>				
Instruction	104,625,442	109,786,105	102,787,726	6,998,379
Support services - students and staff	18,079,780	18,209,144	18,997,991	(788,847)
Support services - administration	20,755,806	31,667,188	32,323,850	(656,662)
Operation and maintenance of plant services	49,248,534	48,853,419	49,967,949	(1,114,530)
Operation of non-instructional services	451,508	451,508	455,973	(4,465)
<b>Total regular education</b>	<b>193,161,070</b>	<b>208,967,364</b>	<b>204,533,489</b>	<b>4,433,875</b>
<b>Special education</b>				
Instruction	42,111,367	38,380,428	36,829,323	1,551,105
Support services - students and staff	22,723,868	15,819,008	16,518,783	(699,775)
Support services - administration	524,597	620,235	458,976	161,259
Operation and maintenance of plant services	220,436	238,573	246,057	(7,484)
<b>Total special education</b>	<b>65,580,268</b>	<b>55,058,244</b>	<b>54,053,139</b>	<b>1,005,105</b>
<b>Special education disability Title 8</b>				
Instruction	273,934	273,934	179,525	94,409
<b>Total special education disability Title 8</b>	<b>273,934</b>	<b>273,934</b>	<b>179,525</b>	<b>94,409</b>
<b>Pupil transportation</b>				
Student transportation services	16,000,000	15,996,000	18,880,402	(2,884,402)
<b>Total pupil transportation</b>	<b>16,000,000</b>	<b>15,996,000</b>	<b>18,880,402</b>	<b>(2,884,402)</b>
<b>Desegregation</b>				
Instruction	27,966,159	27,164,276	35,597,049	(8,432,773)
Support services - students and staff	9,760,689	9,660,689	9,498,270	162,419
Support services - administration	7,630,636	4,782,519	4,548,872	233,647
Operation and maintenance of plant services	4,338,466	5,088,466	3,811,927	1,276,539
Student transportation services	10,515,097	10,515,097	3,755,110	6,759,987
<b>Total desegregation</b>	<b>60,211,047</b>	<b>57,211,047</b>	<b>57,211,228</b>	<b>(181)</b>
<b>Dropout prevention programs</b>				
Instruction	59,501	59,501	59,501	
Support services - students and staff	707,909	707,909	707,909	
<b>Total dropout prevention programs</b>	<b>767,410</b>	<b>767,410</b>	<b>767,410</b>	
<b>Debt service</b>				
Claims and judgments	1,916,876			
<b>Total debt service</b>	<b>1,916,876</b>			
<b>Total expenditures</b>	<b>337,910,605</b>	<b>338,273,999</b>	<b>335,625,193</b>	<b>2,648,806</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>11,734,798</b>	<b>11,371,404</b>	<b>14,184,636</b>	<b>2,813,232</b>
<b>Other financing sources (uses):</b>				
Transfer in	3,821,882	3,821,882	7	(3,821,875)
<b>Total other financing sources (uses)</b>	<b>3,821,882</b>	<b>3,821,882</b>	<b>7</b>	<b>(3,821,875)</b>
<b>Change in fund balances</b>	<b>15,556,680</b>	<b>15,193,286</b>	<b>14,184,643</b>	<b>(1,008,643)</b>
<b>Fund balances (deficits), July 1, 2009</b>	<b>(8,462,909)</b>	<b>(8,462,909)</b>	<b>12,720,829</b>	<b>21,183,738</b>
Increase in reserved fund balance			16,088,212	16,088,212
<b>Fund balances (deficits), June 30, 2010</b>	<b>\$ 7,093,771</b>	<b>\$ 6,730,377</b>	<b>\$ 42,993,684</b>	<b>\$ 36,263,307</b>

**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, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$ 45,406,922	\$ 45,406,922	\$ 32,243,159	\$ (13,163,763)
<b>Total revenues</b>	<u>45,406,922</u>	<u>45,406,922</u>	<u>32,243,159</u>	<u>(13,163,763)</u>
<b>Expenditures:</b>				
Current -				
Instruction	19,416,653	24,712,075	17,303,392	7,408,683
Support services - students and staff	9,898,661	12,597,553	8,820,805	3,776,748
Support services - administration	844,211	1,074,387	752,286	322,101
Operation and maintenance of plant services	209,579	266,721	186,758	79,963
Student transportation services	249,878	318,008	222,669	95,339
Capital outlay	3,882,561	4,939,721	3,458,792	1,480,929
<b>Total expenditures</b>	<u>34,501,543</u>	<u>43,908,465</u>	<u>30,744,702</u>	<u>13,163,763</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>10,905,379</u>	<u>1,498,457</u>	<u>1,498,457</u>	
<b>Other financing sources (uses):</b>				
Transfer out	(1,498,457)	(1,498,457)	(1,498,457)	
<b>Total other financing sources (uses)</b>	<u>(1,498,457)</u>	<u>(1,498,457)</u>	<u>(1,498,457)</u>	
<b>Change in fund balances</b>	<u>9,406,922</u>			
<b>Fund balances, July 1, 2009</b>				
<b>Fund balances, June 30, 2010</b>	<u>\$ 9,406,922</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, 2010**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The adopted budget of the District is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

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

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**OTHER MAJOR GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - UNRESTRICTED CAPITAL OUTLAY**  
**YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$ 5,000	\$ 5,000	\$ 158,669	\$ 153,669
Property taxes	271,625	271,625	505,180	233,555
State aid and grants	1,488,651	1,488,651	9,796,912	8,308,261
<b>Total revenues</b>	<u>1,765,276</u>	<u>1,765,276</u>	<u>10,460,761</u>	<u>8,695,485</u>
<b>Expenditures:</b>				
Capital outlay	1,607,780	17,680,958	11,820,792	5,860,166
Debt service -				
Interest and fiscal charges	150,769	150,769	150,769	
Principal retirement	3,179,537	3,179,537	3,179,537	
<b>Total expenditures</b>	<u>4,938,086</u>	<u>21,011,264</u>	<u>15,151,098</u>	<u>5,860,166</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,172,810)</u>	<u>(19,245,988)</u>	<u>(4,690,337)</u>	<u>14,555,651</u>
<b>Other financing sources (uses):</b>				
Transfer in	2,500,000	2,500,000		(2,500,000)
<b>Total other financing sources (uses)</b>	<u>2,500,000</u>	<u>2,500,000</u>		<u>(2,500,000)</u>
<b>Change in fund balances</b>	<u>(672,810)</u>	<u>(16,745,988)</u>	<u>(4,690,337)</u>	<u>12,055,651</u>
<b>Fund balances, July 1, 2009</b>	9,629,261	9,629,261	4,876,729	(4,752,532)
<b>Fund balances (deficits), June 30, 2010</b>	<u>\$ 8,956,451</u>	<u>\$ (7,116,727)</u>	<u>\$ 186,392</u>	<u>\$ 7,303,119</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND BUILDING  
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 143,512	\$ 143,512
<b>Total revenues</b>			143,512	143,512
<b>Expenditures:</b>				
Capital outlay	47,000,000	35,000,000	23,904,294	11,095,706
<b>Total expenditures</b>	47,000,000	35,000,000	23,904,294	11,095,706
<b>Excess (deficiency) of revenues over expenditures</b>	(47,000,000)	(35,000,000)	(23,760,782)	11,239,218
<b>Other financing sources (uses):</b>				
Transfer out			(115,161)	(115,161)
<b>Total other financing sources (uses)</b>			(115,161)	(115,161)
<b>Change in fund balances</b>	(47,000,000)	(35,000,000)	(23,875,943)	11,124,057
<b>Fund balances, July 1, 2009</b>			55,929,358	55,929,358
<b>Fund balances (deficits), June 30, 2010</b>	\$ (47,000,000)	\$ (35,000,000)	\$ 32,053,415	\$ 67,053,415

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**NON-MAJOR GOVERNMENTAL FUNDS**

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2010**

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$ 31,025,826	\$ 11,280,076	\$ 9,954,065	\$ 52,259,967
Property taxes receivable		2,318,964	17,547	2,336,511
Accounts receivable	438,157			438,157
Due from governmental entities	6,631,552		275,609	6,907,161
Due from other funds	2,896,323			2,896,323
Inventory, at cost	456,094			456,094
<b>Total assets</b>	<b>\$ 41,447,952</b>	<b>\$ 13,599,040</b>	<b>\$ 10,247,221</b>	<b>\$ 65,294,213</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 1,558,343	\$	\$ 120,520	\$ 1,678,863
Construction contracts payable			55,786	55,786
Due to other funds	1,259,155		5,486	1,264,641
Accrued payroll and employee benefits	2,339,562		29,378	2,368,940
Deferred revenues	764,022	1,514,635	14,329	2,292,986
<b>Total liabilities</b>	<b>5,921,082</b>	<b>1,514,635</b>	<b>225,499</b>	<b>7,661,216</b>
Fund balances:				
Reserved	456,094			456,094
Unreserved:				
Undesignated	35,070,776	12,084,405	10,021,722	57,176,903
<b>Total fund balances</b>	<b>35,526,870</b>	<b>12,084,405</b>	<b>10,021,722</b>	<b>57,632,997</b>
<b>Total liabilities and fund balances</b>	<b>\$ 41,447,952</b>	<b>\$ 13,599,040</b>	<b>\$ 10,247,221</b>	<b>\$ 65,294,213</b>

**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, 2010**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Other local	\$ 22,233,846	\$ 36,221	\$ 221,155
Property taxes		44,733,881	224,770
State aid and grants	19,339,556		1,585,381
Federal aid, grants and reimbursements	<u>43,172,650</u>		
<b>Total revenues</b>	<u>84,746,052</u>	<u>44,770,102</u>	<u>2,031,306</u>
<b>Expenditures:</b>			
Current -			
Instruction	37,445,630		
Support services - students and staff	14,892,572		
Support services - administration	2,240,889		
Operation and maintenance of plant services	1,125,820		
Student transportation services	334,939		
Operation of non-instructional services	18,314,804		
Capital outlay	4,467,031		3,165,313
Debt service -			
Interest and fiscal charges		13,928,320	
Principal retirement		<u>29,825,000</u>	
<b>Total expenditures</b>	<u>78,821,685</u>	<u>43,753,320</u>	<u>3,165,313</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>5,924,367</u>	<u>1,016,782</u>	<u>(1,134,007)</u>
<b>Other financing sources (uses):</b>			
Transfer in	3,113,225	115,161	
Transfer out	<u>(1,614,768)</u>		<u>(7)</u>
<b>Total other financing sources (uses)</b>	<u>1,498,457</u>	<u>115,161</u>	<u>(7)</u>
<b>Change in fund balances</b>	<u>7,422,824</u>	<u>1,131,943</u>	<u>(1,134,014)</u>
<b>Fund balances, beginning of year</b>	28,096,130	10,952,462	11,155,736
Increase in reserved fund balance	7,916		
<b>Fund balances, end of year</b>	<u>\$ 35,526,870</u>	<u>\$ 12,084,405</u>	<u>\$ 10,021,722</u>

Total  
Non-Major  
Governmental  
Funds

\$ 22,491,222  
44,958,651  
20,924,937  
43,172,650  
131,547,460

37,445,630  
14,892,572  
2,240,889  
1,125,820  
334,939  
18,314,804  
7,632,344

13,928,320  
29,825,000  
125,740,318

5,807,142

3,228,386  
(1,614,775)  
1,613,611

7,420,753

50,204,328

7,916

\$ 57,632,997

## NON-MAJOR SPECIAL REVENUE FUNDS

The following non-major 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.

**Early Childhood Block Grant** - to account for financial assistance received for preschool education.

**Chemical Abuse Prevention Programs** - to account for financial assistance received for chemical abuse awareness programs.

**At-Risk Pupil Dropout Prevention Project** - to account for financial assistance from the State to provide dropout prevention programs for at-risk students.

**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.

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

**Food Service** - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

**Civic Center** - to account for monies received from the rental of school facilities for civic activities.

**Community School** - to account for activity related to academic and skill development for all citizens.

**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 and Technical Education and Vocational Education Projects** - 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.

**NON-MAJOR SPECIAL REVENUE FUNDS  
(Concluded)**

**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.

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

**Indirect Costs** - to account for monies transferred from Federal projects for administrative costs.

**Unemployment Insurance** - to account for unemployment insurance contributions using the reimbursement method of accounting to the Department of Economic Security.

**School Bus Advertisement** - to account for monies received from the sale of advertising space on school buses.

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

**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.

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010**

	Classroom Site	Instructional Improvement	Compensatory Instruction	Professional Development and Technology Grants
<b><u>ASSETS</u></b>				
Cash and investments	\$ 441,842	\$ 2,966,210	\$ 237,674	\$ 48,517
Accounts receivable				
Due from governmental entities	3,428,951	569,039		225,071
Due from other funds	2,700,136			
Inventory, at cost				
<b>Total assets</b>	<b>\$ 6,570,929</b>	<b>\$ 3,535,249</b>	<b>\$ 237,674</b>	<b>\$ 273,588</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 8,966	\$ 18,289	\$ 154,956
Due to other funds		4,668	4,101	24,085
Accrued payroll and employee benefits		53,469	215,284	94,547
Deferred revenues				
<b>Total liabilities</b>		<b>67,103</b>	<b>237,674</b>	<b>273,588</b>
Fund balances:				
Reserved				
Unreserved:				
Undesignated	6,570,929	3,468,146		
<b>Total fund balances</b>	<b>6,570,929</b>	<b>3,468,146</b>		
<b>Total liabilities and fund balances</b>	<b>\$ 6,570,929</b>	<b>\$ 3,535,249</b>	<b>\$ 237,674</b>	<b>\$ 273,588</b>

<u>Title IV Grants</u>	<u>Promote Informed Parent Choice</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>	<u>Johnson O'Malley</u>
\$ 96,854	\$	\$ 191,598	\$	\$ 1,133,853	\$ 338
19,945	160,830	55,350	85,888		
<u>\$ 116,799</u>	<u>\$ 160,830</u>	<u>\$ 246,948</u>	<u>\$ 85,888</u>	<u>\$ 1,133,853</u>	<u>\$ 338</u>
\$	\$ 29,235	\$ 173,696	\$ 12,315	\$ 69,035	\$
12,328	26,981	5,241	45,146	85,573	338
104,471	104,614	68,011	28,427	549,961	
				429,284	
<u>116,799</u>	<u>160,830</u>	<u>246,948</u>	<u>85,888</u>	<u>1,133,853</u>	<u>338</u>
<u>\$ 116,799</u>	<u>\$ 160,830</u>	<u>\$ 246,948</u>	<u>\$ 85,888</u>	<u>\$ 1,133,853</u>	<u>\$ 338</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**  
**(Continued)**

	Vocational Education	Homeless Education	Medicaid Reimbursement	Other Federal Projects
<b><u>ASSETS</u></b>				
Cash and investments	\$	\$ 51,218	\$ 2,635,642	\$
Accounts receivable				
Due from governmental entities	402,087		193,229	829,239
Due from other funds				
Inventory, at cost				
<b>Total assets</b>	\$ 402,087	\$ 51,218	\$ 2,828,871	\$ 829,239
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 171,572	\$	\$	\$ 25,320
Due to other funds	186,977	979	767	755,410
Accrued payroll and employee benefits	43,538		5,893	48,509
Deferred revenues		50,239		
<b>Total liabilities</b>	402,087	51,218	6,660	829,239
Fund balances:				
Reserved				
Unreserved:				
Undesignated			2,822,211	
<b>Total fund balances</b>			2,822,211	
<b>Total liabilities and fund balances</b>	\$ 402,087	\$ 51,218	\$ 2,828,871	\$ 829,239

State Vocational Education	Early Childhood Block Grant	Chemical Abuse Prevention Programs	Gifted	Other State Projects	School Plant
\$ 75,370	\$ 25,803	\$ 108,289	\$ 4,249	\$ 167,875	\$ 253,914
<u>\$ 75,370</u>	<u>\$ 25,803</u>	<u>\$ 108,289</u>	<u>\$ 4,249</u>	<u>\$ 167,875</u>	<u>\$ 253,914</u>
\$ 16,670	\$	\$	\$	\$ 39,056	\$
1,403	2,025	44	76	476	
13,559	23,778				
43,738		108,245	4,173	128,343	
<u>75,370</u>	<u>25,803</u>	<u>108,289</u>	<u>4,249</u>	<u>167,875</u>	
					253,914
					253,914
<u>\$ 75,370</u>	<u>\$ 25,803</u>	<u>\$ 108,289</u>	<u>\$ 4,249</u>	<u>\$ 167,875</u>	<u>\$ 253,914</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**  
**(Continued)**

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Auxiliary Operations</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 2,759,687	\$ 1,499,010	\$ 1,390,958	\$ 5,184,517
Accounts receivable		76,293	183,119	
Due from governmental entities	597,578			
Due from other funds				
Inventory, at cost	456,094			
<b>Total assets</b>	<u>\$ 3,813,359</u>	<u>\$ 1,575,303</u>	<u>\$ 1,574,077</u>	<u>\$ 5,184,517</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 105,872	\$	\$ 23,453	\$
Due to other funds	53,742	1,582	15,583	
Accrued payroll and employee benefits	275,086	14,478	387,249	
Deferred revenues				
<b>Total liabilities</b>	<u>434,700</u>	<u>16,060</u>	<u>426,285</u>	
Fund balances:				
Reserved	456,094			
Unreserved:				
Undesignated	2,922,565	1,559,243	1,147,792	5,184,517
<b>Total fund balances</b>	<u>3,378,659</u>	<u>1,559,243</u>	<u>1,147,792</u>	<u>5,184,517</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,813,359</u>	<u>\$ 1,575,303</u>	<u>\$ 1,574,077</u>	<u>\$ 5,184,517</u>

Extracurricular Activities Fees Tax Credit	Gifts and Donations	Career and Technical Education and Vocational Education Projects	Fingerprint	Insurance Proceeds	Textbooks
\$ 692,496 7,834	\$ 1,845,518 28,153	\$ 1,271	\$ 71	\$ 295,243	\$ 149,731
<u>\$ 700,330</u>	<u>\$ 1,873,671</u>	<u>\$ 1,271</u>	<u>\$ 71</u>	<u>\$ 295,243</u>	<u>\$ 149,731</u>
\$ 368,873 70,268	\$ 34,196 1,504 12,383	\$	\$	\$	\$
<u>439,141</u>	<u>48,083</u>				
<u>261,189</u>	<u>1,825,588</u>	<u>1,271</u>	<u>71</u>	<u>295,243</u>	<u>149,731</u>
<u>261,189</u>	<u>1,825,588</u>	<u>1,271</u>	<u>71</u>	<u>295,243</u>	<u>149,731</u>
<u>\$ 700,330</u>	<u>\$ 1,873,671</u>	<u>\$ 1,271</u>	<u>\$ 71</u>	<u>\$ 295,243</u>	<u>\$ 149,731</u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**  
**(Concluded)**

	Litigation Recovery	Indirect Costs	Unemployment Insurance	School Bus Advertisement
<b><u>ASSETS</u></b>				
Cash and investments	\$ 209,588	\$ 2,991,859	\$ 3,956	\$ 10,737
Accounts receivable				
Due from governmental entities				
Due from other funds		196,187		
Inventory, at cost				
<b>Total assets</b>	<b>\$ 209,588</b>	<b>\$ 3,188,046</b>	<b>\$ 3,956</b>	<b>\$ 10,737</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 26,090	\$ 21,402	\$	\$
Due to other funds		6,453		
Accrued payroll and employee benefits		55,788		
Deferred revenues				
<b>Total liabilities</b>	<b>26,090</b>	<b>83,643</b>		
Fund balances:				
Reserved				
Unreserved:				
Undesignated	183,498	3,104,403	3,956	10,737
<b>Total fund balances</b>	<b>183,498</b>	<b>3,104,403</b>	<b>3,956</b>	<b>10,737</b>
<b>Total liabilities and fund balances</b>	<b>\$ 209,588</b>	<b>\$ 3,188,046</b>	<b>\$ 3,956</b>	<b>\$ 10,737</b>

<u>Joint Technical Education</u>	<u>District Services</u>	<u>Totals</u>
\$ 5,369,430	\$ 182,508	\$ 31,025,826
	142,758	438,157
	64,345	6,631,552
		2,896,323
		456,094
<u>\$ 5,369,430</u>	<u>\$ 389,611</u>	<u>\$ 41,447,952</u>

\$ 145,944	\$ 113,403	\$ 1,558,343
20,299	3,374	1,259,155
145,945	24,304	2,339,562
		764,022
<u>312,188</u>	<u>141,081</u>	<u>5,921,082</u>

456,094

<u>5,057,242</u>	<u>248,530</u>	<u>35,070,776</u>
<u>5,057,242</u>	<u>248,530</u>	<u>35,526,870</u>
<u>\$ 5,369,430</u>	<u>\$ 389,611</u>	<u>\$ 41,447,952</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, 2010**

	Classroom Site	Instructional Improvement	Compensatory Instruction
<b>Revenues:</b>			
Other local	\$ 168,953	\$ 27,540	\$
State aid and grants	14,009,877	2,038,565	648,998
Federal aid, grants and reimbursements			
<b>Total revenues</b>	14,178,830	2,066,105	648,998
<b>Expenditures:</b>			
Current -			
Instruction	15,982,371	602,951	598,391
Support services - students and staff	1,770,200	187,345	
Support services - administration		15,486	
Operation and maintenance of plant services		25,093	
Student transportation services			50,607
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	17,752,571	830,875	648,998
<b>Excess (deficiency) of revenues over expenditures</b>	(3,573,741)	1,235,230	
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	(3,573,741)	1,235,230	
<b>Fund balances, beginning of year</b>	10,144,670	2,232,916	
Increase in reserved fund balance			
<b>Fund balances, end of year</b>	\$ 6,570,929	\$ 3,468,146	\$

Professional Development and Technology Grants	Title IV Grants	Promote Informed Parent Choice	Limited English and Immigrant Students	Indian Education	Special Education Grants
\$	\$	\$	\$	\$	\$
2,796,849	1,124,203	675,876	1,102,969	388,533	14,492,514
2,796,849	1,124,203	675,876	1,102,969	388,533	14,492,514
9,178	466,816	184,099	451,103	98,753	10,394,736
2,207,768	470,715	407,017	625,014	233,156	2,902,282
194,351	81,791	42,285		21,554	112,118
	7,082	781		1,515	4,670
	27,523	4,562			
247,822	11,418	1,956	5,330	13,499	320,828
2,659,119	1,065,345	640,700	1,081,447	368,477	13,734,634
137,730	58,858	35,176	21,522	20,056	757,880
(137,730)	(58,858)	(35,176)	(21,522)	(20,056)	(757,880)
(137,730)	(58,858)	(35,176)	(21,522)	(20,056)	(757,880)
\$	\$	\$	\$	\$	\$

(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, 2010**  
**(Continued)**

	Johnson O'Malley	Vocational Education	Homeless Education
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	27,373	1,698,779	20,791
<b>Total revenues</b>	27,373	1,698,779	20,791
<b>Expenditures:</b>			
Current -			
Instruction	25,687	58,220	14,010
Support services - students and staff	1,144	681,937	5,669
Support services - administration		24,058	
Operation and maintenance of plant services			
Student transportation services		6,236	
Operation of non-instructional services			
Capital outlay		892,447	
<b>Total expenditures</b>	26,831	1,662,898	19,679
<b>Excess (deficiency) of revenues over expenditures</b>	542	35,881	1,112
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out	(542)	(35,881)	(1,112)
<b>Total other financing sources (uses)</b>	(542)	(35,881)	(1,112)
<b>Change in fund balances</b>			
<b>Fund balances, beginning of year</b>			
Increase in reserved fund balance			
<b>Fund balances, end of year</b>	\$	\$	\$

Medicaid Reimbursement	Other Federal Projects	State Vocational Education	Early Childhood Block Grant	Chemical Abuse Prevention Programs	At-Risk Pupil Dropout Prevention Project
\$	\$	\$	\$	\$	\$
		597,501	473,591	195,439	50,400
1,756,891	1,837,991				
1,756,891	1,837,991	597,501	473,591	195,439	50,400
	362,534	307,797	354,148	70,501	
125,422	911,089	150,599	94,980	102,085	50,400
134,800	127,911	26,131		8,152	
	2,393	21,246	21,205		
	120	1,130	3,258	1,650	
	389,145	90,598		13,051	
260,222	1,793,192	597,501	473,591	195,439	50,400
1,496,669	44,799				
	(44,799)				
	(44,799)				
1,496,669					
1,325,542					
\$ 2,822,211	\$	\$	\$	\$	\$

(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, 2010**  
**(Continued)**

	Gifted	Other State Projects	School Plant
<b>Revenues:</b>			
Other local	\$	\$	\$ 75,316
State aid and grants	77,844	1,247,341	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	77,844	1,247,341	75,316
<b>Expenditures:</b>			
Current -			
Instruction	60,579	259,394	
Support services - students and staff	15,584	251,479	
Support services - administration	693	15,751	4,956
Operation and maintenance of plant services	504	710,656	
Student transportation services	150		
Operation of non-instructional services			
Capital outlay	334	10,061	
<b>Total expenditures</b>	77,844	1,247,341	4,956
<b>Excess (deficiency) of revenues over expenditures</b>			70,360
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>			70,360
<b>Fund balances, beginning of year</b>			183,554
Increase in reserved fund balance			
<b>Fund balances, end of year</b>	\$	\$	\$ 253,914

Food Service	Civic Center	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit	Gifts and Donations
\$ 2,862,916	\$ 849,447	\$ 1,961,583	\$ 798,559	\$ 2,967,250	\$ 896,422
16,871,966		377,915			
<u>19,734,882</u>	<u>849,447</u>	<u>2,339,498</u>	<u>798,559</u>	<u>2,967,250</u>	<u>896,422</u>
	121,056	1,052,548	532,368	2,544,698	316,154
	45,257	1,219,865	241,552		147,080
	84,641	20,686	27,628		60,282
	163,431	34,269	9,376	5,775	14,520
	1,065	14,503	362	169,310	16,582
18,299,173				5,210	96
707,727	7,796	1,113			53,321
<u>19,006,900</u>	<u>423,246</u>	<u>2,342,984</u>	<u>811,286</u>	<u>2,724,993</u>	<u>608,035</u>
<u>727,982</u>	<u>426,201</u>	<u>(3,486)</u>	<u>(12,727)</u>	<u>242,257</u>	<u>288,387</u>
		1,212			(1,212)
(500,000)		1,212			(1,212)
<u>227,982</u>	<u>426,201</u>	<u>(2,274)</u>	<u>(12,727)</u>	<u>242,257</u>	<u>287,175</u>
3,142,761	1,133,042	1,150,066	5,197,244	18,932	1,538,413
7,916					
<u>\$ 3,378,659</u>	<u>\$ 1,559,243</u>	<u>\$ 1,147,792</u>	<u>\$ 5,184,517</u>	<u>\$ 261,189</u>	<u>\$ 1,825,588</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, 2010**  
**(Continued)**

	Career and Technical Education and Vocational Education Projects	Fingerprint	Insurance Proceeds
<b>Revenues:</b>			
Other local	\$ 1,271	\$ 19,780	\$ 59,797
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>1,271</u>	<u>19,780</u>	<u>59,797</u>
<b>Expenditures:</b>			
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		<u>19,756</u>	<u>3,756</u>
<b>Total expenditures</b>		<u>19,756</u>	<u>3,756</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,271</u>	<u>24</u>	<u>56,041</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	<u>1,271</u>	<u>24</u>	<u>56,041</u>
<b>Fund balances, beginning of year</b>		47	239,202
Increase in reserved fund balance			
<b>Fund balances, end of year</b>	<u>\$ 1,271</u>	<u>\$ 71</u>	<u>\$ 295,243</u>

Textbooks	Litigation Recovery	Indirect Costs	Unemployment Insurance	School Bus Advertisement	Joint Technical Education
\$ 30,753	\$ 147,526	\$ 25,396	\$ 239	\$ 4,402	\$ 10,469,645
<u>30,753</u>	<u>147,526</u>	<u>25,396</u>	<u>239</u>	<u>4,402</u>	<u>10,469,645</u>
13,273					2,466,930
5,223		449,686			1,459,663
	98,447	679,621		29,904	82,801
		15,282			88,022
					37,881
		10,325			
		9,431			1,485,285
<u>18,496</u>	<u>98,447</u>	<u>1,164,345</u>		<u>29,904</u>	<u>5,620,582</u>
<u>12,257</u>	<u>49,079</u>	<u>(1,138,949)</u>	<u>239</u>	<u>(25,502)</u>	<u>4,849,063</u>
		3,112,013			
		<u>3,112,013</u>			
<u>12,257</u>	<u>49,079</u>	<u>1,973,064</u>	<u>239</u>	<u>(25,502)</u>	<u>4,849,063</u>
137,474	134,419	1,131,339	3,717	36,239	208,179
<u>\$ 149,731</u>	<u>\$ 183,498</u>	<u>\$ 3,104,403</u>	<u>\$ 3,956</u>	<u>\$ 10,737</u>	<u>\$ 5,057,242</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, 2010**  
**(Concluded)**

	District Services	Totals
<b>Revenues:</b>		
Other local	\$ 867,051	\$ 22,233,846
State aid and grants		19,339,556
Federal aid, grants and reimbursements		43,172,650
<b>Total revenues</b>	867,051	84,746,052
<b>Expenditures:</b>		
Current -		
Instruction	97,335	37,445,630
Support services - students and staff	130,361	14,892,572
Support services - administration	346,842	2,240,889
Operation and maintenance of plant services		1,125,820
Student transportation services		334,939
Operation of non-instructional services		18,314,804
Capital outlay	182,357	4,467,031
<b>Total expenditures</b>	756,895	78,821,685
<b>Excess (deficiency) of revenues over expenditures</b>	110,156	5,924,367
<b>Other financing sources (uses):</b>		
Transfer in		3,113,225
Transfer out		(1,614,768)
<b>Total other financing sources (uses)</b>		1,498,457
<b>Change in fund balances</b>	110,156	7,422,824
<b>Fund balances, beginning of year</b>	138,374	28,096,130
Increase in reserved fund balance		7,916
<b>Fund balances, end of year</b>	\$ 248,530	\$ 35,526,870

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 168,953	\$ 168,953
State aid and grants		14,009,877	14,009,877
Federal aid, grants and reimbursements			
<b>Total revenues</b>		14,178,830	14,178,830
<b>Expenditures:</b>			
Current -			
Instruction	32,872,313	15,982,371	16,889,942
Support services - students and staff	2,715,508	1,770,200	945,308
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	35,587,821	17,752,571	17,835,250
<b>Excess (deficiency) of revenues over expenditures</b>	(35,587,821)	(3,573,741)	32,014,080
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	(35,587,821)	(3,573,741)	32,014,080
<b>Fund balances, July 1, 2009</b>		10,144,670	10,144,670
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$ (35,587,821)	\$ 6,570,929	\$ 42,158,750

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 27,540	\$ 27,540	\$	\$	\$
	2,038,565	2,038,565			
	<u>2,066,105</u>	<u>2,066,105</u>			
2,926,091	602,951	2,323,140	150,000		150,000
909,176	187,345	721,831			
75,153	15,486	59,667			
121,775	25,093	96,682			
<u>4,032,195</u>	<u>830,875</u>	<u>3,201,320</u>	<u>150,000</u>		<u>150,000</u>
<u>(4,032,195)</u>	<u>1,235,230</u>	<u>5,267,425</u>	<u>(150,000)</u>		<u>150,000</u>
<u>(4,032,195)</u>	<u>1,235,230</u>	<u>5,267,425</u>	<u>(150,000)</u>		<u>150,000</u>
	2,232,916	2,232,916			
<u>\$ (4,032,195)</u>	<u>\$ 3,468,146</u>	<u>\$ 7,500,341</u>	<u>\$ (150,000)</u>	<u>\$</u>	<u>\$ 150,000</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, 2010**  
**(Continued)**

	Compensatory Instruction		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants	572,104	648,998	76,894
Federal aid, grants and reimbursements			
<b>Total revenues</b>	572,104	648,998	76,894
<b>Expenditures:</b>			
Current -			
Instruction	527,493	598,391	(70,898)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	44,611	50,607	(5,996)
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	572,104	648,998	(76,894)
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>			
<b>Fund balances, July 1, 2009</b>			
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$	\$	\$



**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, 2010**  
**(Continued)**

	Promote Informed Parent Choice		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	861,570	675,876	(185,694)
<b>Total revenues</b>	861,570	675,876	(185,694)
<b>Expenditures:</b>			
Current -			
Instruction	237,457	184,099	53,358
Support services - students and staff	524,983	407,017	117,966
Support services - administration	54,540	42,285	12,255
Operation and maintenance of plant services	1,007	781	226
Student transportation services	5,884	4,562	1,322
Operation of non-instructional services			
Capital outlay	2,523	1,956	567
<b>Total expenditures</b>	826,394	640,700	185,694
<b>Excess (deficiency) of revenues over expenditures</b>	35,176	35,176	
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out	(35,176)	(35,176)	
<b>Total other financing sources (uses)</b>	(35,176)	(35,176)	
<b>Change in fund balances</b>			
<b>Fund balances, July 1, 2009</b>			
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$	\$	\$

Limited English and Immigrant Students			Indian Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
1,380,549	1,102,969	(277,580)	388,533	388,533	
1,380,549	1,102,969	(277,580)	388,533	388,533	
566,890	451,103	115,787	98,753	98,753	
785,439	625,014	160,425	233,156	233,156	
			21,554	21,554	
			1,515	1,515	
6,698	5,330	1,368	13,499	13,499	
1,359,027	1,081,447	277,580	368,477	368,477	
21,522	21,522		20,056	20,056	
(21,522)	(21,522)		(20,056)	(20,056)	
(21,522)	(21,522)		(20,056)	(20,056)	
\$	\$	\$	\$	\$	\$

(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, 2010**  
**(Continued)**

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	15,621,749	14,492,514	(1,129,235)
<b>Total revenues</b>	15,621,749	14,492,514	(1,129,235)
<b>Expenditures:</b>			
Current -			
Instruction	11,249,371	10,394,736	854,635
Support services - students and staff	3,140,902	2,902,282	238,620
Support services - administration	121,336	112,118	9,218
Operation and maintenance of plant services	5,054	4,670	384
Student transportation services			
Operation of non-instructional services			
Capital outlay	347,206	320,828	26,378
<b>Total expenditures</b>	14,863,869	13,734,634	1,129,235
<b>Excess (deficiency) of revenues over expenditures</b>	757,880	757,880	
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out	(757,880)	(757,880)	
<b>Total other financing sources (uses)</b>	(757,880)	(757,880)	
<b>Change in fund balances</b>			
<b>Fund balances, July 1, 2009</b>			
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$	\$	\$

Johnson O'Malley			Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
73,277	27,373	(45,904)	2,011,777	1,698,779	(312,998)
73,277	27,373	(45,904)	2,011,777	1,698,779	(312,998)
69,634	25,687	43,947	69,178	58,220	10,958
3,101	1,144	1,957	810,294	681,937	128,357
			28,586	24,058	4,528
			7,410	6,236	1,174
			1,060,428	892,447	167,981
72,735	26,831	45,904	1,975,896	1,662,898	312,998
542	542		35,881	35,881	
(542)	(542)		(35,881)	(35,881)	
(542)	(542)		(35,881)	(35,881)	
\$	\$	\$	\$	\$	\$

(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, 2010**  
**(Continued)**

	Homeless Education		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	71,030	20,791	(50,239)
<b>Total revenues</b>	71,030	20,791	(50,239)
<b>Expenditures:</b>			
Current -			
Instruction	49,776	14,010	35,766
Support services - students and staff	20,142	5,669	14,473
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	69,918	19,679	50,239
<b>Excess (deficiency) of revenues over expenditures</b>	1,112	1,112	
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out	(1,112)	(1,112)	
<b>Total other financing sources (uses)</b>	(1,112)	(1,112)	
<b>Change in fund balances</b>			
<b>Fund balances, July 1, 2009</b>			
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$	\$	\$

Medicaid Reimbursement			Other Federal Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,756,891	1,756,891	2,534,975	1,837,991	(696,984)
	1,756,891	1,756,891	2,534,975	1,837,991	(696,984)
963,962	125,422	838,540	503,445	362,534	140,911
1,036,038	134,800	901,238	1,265,214	911,089	354,125
			177,628	127,911	49,717
			3,323	2,393	930
			167	120	47
			540,399	389,145	151,254
2,000,000	260,222	1,739,778	2,490,176	1,793,192	696,984
(2,000,000)	1,496,669	3,496,669	44,799	44,799	
			(44,799)	(44,799)	
			(44,799)	(44,799)	
(2,000,000)	1,496,669	3,496,669			
2,000,000	1,325,542	(674,458)			
\$	\$ 2,822,211	\$ 2,822,211	\$	\$	\$

(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, 2010**  
**(Continued)**

	State Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants	641,239	597,501	(43,738)
Federal aid, grants and reimbursements			
<b>Total revenues</b>	641,239	597,501	(43,738)
<b>Expenditures:</b>			
Current -			
Instruction	330,328	307,797	22,531
Support services - students and staff	161,623	150,599	11,024
Support services - administration	28,044	26,131	1,913
Operation and maintenance of plant services	22,801	21,246	1,555
Student transportation services	1,213	1,130	83
Operation of non-instructional services			
Capital outlay	97,230	90,598	6,632
<b>Total expenditures</b>	641,239	597,501	43,738
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>			
<b>Fund balances, July 1, 2009</b>			
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$	\$	\$

Early Childhood Block Grant		
Budget	Actual	Variance - Positive (Negative)
\$ 473,591	\$ 473,591	\$
<u>473,591</u>	<u>473,591</u>	
354,148	354,148	
94,980	94,980	
21,205	21,205	
3,258	3,258	
<u>473,591</u>	<u>473,591</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>

Chemical Abuse Prevention Programs		
Budget	Actual	Variance - Positive (Negative)
\$ 372,316	\$ 195,439	\$ (176,877)
<u>372,316</u>	<u>195,439</u>	<u>(176,877)</u>
134,307	70,501	63,806
194,474	102,085	92,389
15,530	8,152	7,378
3,143	1,650	1,493
<u>24,862</u>	<u>13,051</u>	<u>11,811</u>
<u>372,316</u>	<u>195,439</u>	<u>176,877</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, 2010**  
**(Continued)**

	At-Risk Pupil Dropout Prevention Project		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants	50,400	50,400	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	50,400	50,400	
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	50,400	50,400	
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	50,400	50,400	
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>			
<b>Fund balances, July 1, 2009</b>			
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$	\$	\$



**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, 2010**  
**(Continued)**

	School Plant		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 75,316	\$ 75,316
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		75,316	75,316
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	245,000	4,956	240,044
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	245,000	4,956	240,044
<b>Excess (deficiency) of revenues over expenditures</b>	(245,000)	70,360	315,360
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	(245,000)	70,360	315,360
<b>Fund balances, July 1, 2009</b>		183,554	183,554
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$ (245,000)	\$ 253,914	\$ 498,914

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,862,916	\$ 2,862,916	\$	\$ 849,447	\$ 849,447
	16,871,966	16,871,966			
	19,734,882	19,734,882		849,447	849,447
			572,036	121,056	450,980
			213,857	45,257	168,600
			399,961	84,641	315,320
			772,274	163,431	608,843
			5,033	1,065	3,968
19,255,295	18,299,173	956,122			
744,705	707,727	36,978	36,839	7,796	29,043
20,000,000	19,006,900	993,100	2,000,000	423,246	1,576,754
(20,000,000)	727,982	20,727,982	(2,000,000)	426,201	2,426,201
	(500,000)	(500,000)			
	(500,000)	(500,000)			
(20,000,000)	227,982	20,227,982	(2,000,000)	426,201	2,426,201
	3,142,761	3,142,761		1,133,042	1,133,042
	7,916	7,916			
\$ (20,000,000)	\$ 3,378,659	\$ 23,378,659	\$ (2,000,000)	\$ 1,559,243	\$ 3,559,243

(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, 2010**  
**(Continued)**

	Community School		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,961,583	\$ 1,961,583
State aid and grants			
Federal aid, grants and reimbursements		377,915	377,915
<b>Total revenues</b>		<u>2,339,498</u>	<u>2,339,498</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,572,318	1,052,548	519,770
Support services - students and staff	1,822,261	1,219,865	602,396
Support services - administration	30,901	20,686	10,215
Operation and maintenance of plant services	51,192	34,269	16,923
Student transportation services	21,665	14,503	7,162
Operation of non-instructional services			
Capital outlay	1,663	1,113	550
<b>Total expenditures</b>	<u>3,500,000</u>	<u>2,342,984</u>	<u>1,157,016</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,500,000)</u>	<u>(3,486)</u>	<u>3,496,514</u>
<b>Other financing sources (uses):</b>			
Transfer in		1,212	1,212
Transfer out			
<b>Total other financing sources (uses)</b>		<u>1,212</u>	<u>1,212</u>
<b>Change in fund balances</b>	<u>(3,500,000)</u>	<u>(2,274)</u>	<u>3,497,726</u>
<b>Fund balances, July 1, 2009</b>		1,150,066	1,150,066
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	<u>\$ (3,500,000)</u>	<u>\$ 1,147,792</u>	<u>\$ 4,647,792</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 798,559	\$ 798,559	\$	\$ 2,967,250	\$ 2,967,250
	<u>798,559</u>	<u>798,559</u>		<u>2,967,250</u>	<u>2,967,250</u>
1,115,544	532,368	583,176	7,003,774	2,544,698	4,459,076
506,157	241,552	264,605			
57,893	27,628	30,265			
19,647	9,376	10,271	15,895	5,775	10,120
759	362	397	465,992	169,310	296,682
			14,339	5,210	9,129
<u>1,700,000</u>	<u>811,286</u>	<u>888,714</u>	<u>7,500,000</u>	<u>2,724,993</u>	<u>4,775,007</u>
<u>(1,700,000)</u>	<u>(12,727)</u>	<u>1,687,273</u>	<u>(7,500,000)</u>	<u>242,257</u>	<u>7,742,257</u>
<u>(1,700,000)</u>	<u>(12,727)</u>	<u>1,687,273</u>	<u>(7,500,000)</u>	<u>242,257</u>	<u>7,742,257</u>
	5,197,244	5,197,244		18,932	18,932
<u>\$ (1,700,000)</u>	<u>\$ 5,184,517</u>	<u>\$ 6,884,517</u>	<u>\$ (7,500,000)</u>	<u>\$ 261,189</u>	<u>\$ 7,761,189</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, 2010**  
**(Continued)**

	Gifts and Donations		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 896,422	\$ 896,422
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>896,422</u>	<u>896,422</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,664,454	316,154	1,348,300
Support services - students and staff	773,768	147,080	626,688
Support services - administration	317,135	60,282	256,853
Operation and maintenance of plant services	76,388	14,520	61,868
Student transportation services	87,236	16,582	70,654
Operation of non-instructional services	505	96	409
Capital outlay	280,514	53,321	227,193
<b>Total expenditures</b>	<u>3,200,000</u>	<u>608,035</u>	<u>2,591,965</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,200,000)</u>	<u>288,387</u>	<u>3,488,387</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(1,212)	(1,212)
<b>Total other financing sources (uses)</b>		<u>(1,212)</u>	<u>(1,212)</u>
<b>Change in fund balances</b>	<u>(3,200,000)</u>	<u>287,175</u>	<u>3,487,175</u>
<b>Fund balances, July 1, 2009</b>		1,538,413	1,538,413
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	<u>\$ (3,200,000)</u>	<u>\$ 1,825,588</u>	<u>\$ 5,025,588</u>

\*The Career and Technical Education and Vocational Education Projects Fund was included in the District's budget, however, the budget was -

Career and  
Technical Education and Vocational Education Projects

<u>Budget*</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 1,271	\$ 1,271
	<u>1,271</u>	<u>1,271</u>

Fingerprint

<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 19,780	\$ 19,780
	<u>19,780</u>	<u>19,780</u>

	<u>1,271</u>	<u>1,271</u>

	<u>35,000</u>	<u>19,756</u>	<u>15,244</u>
	<u>35,000</u>	<u>19,756</u>	<u>15,244</u>
	<u>(35,000)</u>	<u>24</u>	<u>35,024</u>

	<u>1,271</u>	<u>1,271</u>

	<u>(35,000)</u>	<u>24</u>	<u>35,024</u>

	<u>1,271</u>	<u>1,271</u>
<u>\$</u>	<u>\$ 1,271</u>	<u>\$ 1,271</u>

		<u>47</u>	<u>47</u>
	<u>(35,000)</u>	<u>71</u>	<u>35,071</u>
<u>\$</u>	<u>\$ (35,000)</u>	<u>\$ 71</u>	<u>\$ 35,071</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, 2010**  
**(Continued)**

	Insurance Proceeds		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 59,797	\$ 59,797
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		59,797	59,797
<b>Expenditures:</b>			
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	500,000	3,756	496,244
<b>Total expenditures</b>	500,000	3,756	496,244
<b>Excess (deficiency) of revenues over expenditures</b>	(500,000)	56,041	556,041
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	(500,000)	56,041	556,041
<b>Fund balances, July 1, 2009</b>		239,202	239,202
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$ (500,000)	\$ 295,243	\$ 795,243

Textbooks		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 30,753	\$ 30,753
	<u>30,753</u>	<u>30,753</u>
143,523	13,273	130,250
56,477	5,223	51,254
<u>200,000</u>	<u>18,496</u>	<u>181,504</u>
<u>(200,000)</u>	<u>12,257</u>	<u>212,257</u>
<u>(200,000)</u>	<u>12,257</u>	<u>212,257</u>
	137,474	137,474
<u>\$ (200,000)</u>	<u>\$ 149,731</u>	<u>\$ 349,731</u>

Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 147,526	\$ 147,526
	<u>147,526</u>	<u>147,526</u>
500,000	98,447	401,553
<u>500,000</u>	<u>98,447</u>	<u>401,553</u>
<u>(500,000)</u>	<u>49,079</u>	<u>549,079</u>
<u>(500,000)</u>	<u>49,079</u>	<u>549,079</u>
	134,419	134,419
<u>\$ (500,000)</u>	<u>\$ 183,498</u>	<u>\$ 683,498</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, 2010**  
**(Continued)**

	Indirect Costs		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 25,396	\$ 25,396
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>25,396</u>	<u>25,396</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	1,351,749	449,686	902,063
Support services - administration	2,042,928	679,621	1,363,307
Operation and maintenance of plant services	45,937	15,282	30,655
Student transportation services			
Operation of non-instructional services	31,037	10,325	20,712
Capital outlay	28,349	9,431	18,918
<b>Total expenditures</b>	<u>3,500,000</u>	<u>1,164,345</u>	<u>2,335,655</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,500,000)</u>	<u>(1,138,949)</u>	<u>2,361,051</u>
<b>Other financing sources (uses):</b>			
Transfer in		3,112,013	3,112,013
Transfer out			
<b>Total other financing sources (uses)</b>		<u>3,112,013</u>	<u>3,112,013</u>
<b>Change in fund balances</b>	<u>(3,500,000)</u>	<u>1,973,064</u>	<u>5,473,064</u>
<b>Fund balances, July 1, 2009</b>		1,131,339	1,131,339
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	<u>\$ (3,500,000)</u>	<u>\$ 3,104,403</u>	<u>\$ 6,604,403</u>

Unemployment Insurance		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 239	\$ 239
	<u>239</u>	<u>239</u>
2,500,000		2,500,000
<u>2,500,000</u>		<u>2,500,000</u>
<u>(2,500,000)</u>	<u>239</u>	<u>2,500,239</u>
<u>(2,500,000)</u>	<u>239</u>	<u>2,500,239</u>
	3,717	3,717
<u>\$ (2,500,000)</u>	<u>\$ 3,956</u>	<u>\$ 2,503,956</u>

School Bus Advertisement		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 4,402	\$ 4,402
	<u>4,402</u>	<u>4,402</u>
100,000	29,904	70,096
<u>100,000</u>	<u>29,904</u>	<u>70,096</u>
<u>(100,000)</u>	<u>(25,502)</u>	<u>74,498</u>
<u>(100,000)</u>	<u>(25,502)</u>	<u>74,498</u>
	36,239	36,239
<u>\$ (100,000)</u>	<u>\$ 10,737</u>	<u>\$ 110,737</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, 2010**  
**(Concluded)**

	Joint Technical Education		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 10,469,645	\$ 10,469,645
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		10,469,645	10,469,645
<b>Expenditures:</b>			
Current -			
Instruction	3,160,152	2,466,930	693,222
Support services - students and staff	1,869,837	1,459,663	410,174
Support services - administration	106,069	82,801	23,268
Operation and maintenance of plant services	112,757	88,022	24,735
Student transportation services	48,526	37,881	10,645
Operation of non-instructional services			
Capital outlay	1,902,659	1,485,285	417,374
<b>Total expenditures</b>	7,200,000	5,620,582	1,579,418
<b>Excess (deficiency) of revenues over expenditures</b>	(7,200,000)	4,849,063	12,049,063
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	(7,200,000)	4,849,063	12,049,063
<b>Fund balances, July 1, 2009</b>		208,179	208,179
Increase in reserved fund balance			
<b>Fund balances (deficits), June 30, 2010</b>	\$ (7,200,000)	\$ 5,057,242	\$ 12,257,242

District Services			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 867,051	\$ 867,051	\$	\$ 22,233,846	\$ 22,233,846
			3,988,707	19,339,556	15,350,849
			29,604,714	43,172,650	13,567,936
	867,051	867,051	33,593,421	84,746,052	51,152,631
173,633	97,335	76,298	69,057,419	37,445,630	31,611,789
232,547	130,361	102,186	23,952,056	14,892,572	9,059,484
618,720	346,842	271,878	6,477,619	2,240,889	4,236,730
			2,303,596	1,125,820	1,177,776
			727,915	334,939	392,976
			19,301,176	18,314,804	986,372
325,300	182,357	142,943	6,460,300	4,467,031	1,993,269
1,350,200	756,895	593,305	128,280,081	78,821,685	49,458,396
(1,350,200)	110,156	1,460,356	(94,686,660)	5,924,367	100,611,027
				3,113,225	3,113,225
			(1,113,556)	(1,614,768)	(501,212)
			(1,113,556)	1,498,457	2,612,013
(1,350,200)	110,156	1,460,356	(95,800,216)	7,422,824	103,223,040
	138,374	138,374	2,000,000	28,096,130	26,096,130
				7,916	7,916
\$ (1,350,200)	\$ 248,530	\$ 1,598,730	\$ (93,800,216)	\$ 35,526,870	\$ 129,327,086

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## **NON-MAJOR DEBT SERVICE FUND**

The following non-major 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**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2010**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$ 461,604	\$ 36,221	\$ (425,383)
Property taxes	44,935,282	44,733,881	(201,401)
<b>Total revenues</b>	<u>45,396,886</u>	<u>44,770,102</u>	<u>(626,784)</u>
<b>Expenditures:</b>			
Debt service -			
Interest and fiscal charges	13,925,000	13,928,320	(3,320)
Principal retirement	29,825,000	29,825,000	
<b>Total expenditures</b>	<u>43,750,000</u>	<u>43,753,320</u>	<u>(3,320)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,646,886</u>	<u>1,016,782</u>	<u>(630,104)</u>
<b>Other financing sources (uses):</b>			
Transfer in		115,161	115,161
<b>Total other financing sources (uses)</b>		<u>115,161</u>	<u>115,161</u>
<b>Change in fund balances</b>	<u>1,646,886</u>	<u>1,131,943</u>	<u>(514,943)</u>
<b>Fund balances, July 1, 2009</b>		10,952,462	10,952,462
<b>Fund balances, June 30, 2010</b>	<u>\$ 1,646,886</u>	<u>\$ 12,084,405</u>	<u>\$ 10,437,519</u>

## NON-MAJOR CAPITAL PROJECTS FUNDS

The following non-major 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.

**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.

**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, 2010**

	Adjacent Ways	Soft Capital Allocation	Condemnation	Building Renewal
<b><u>ASSETS</u></b>				
Cash and investments	\$ 901,420	\$ 5,551,572	\$ 13,281	\$ 3,487,792
Property taxes receivable	4,829	12,718		
Due from governmental entities		275,609		
<b>Total assets</b>	\$ 906,249	\$ 5,839,899	\$ 13,281	\$ 3,487,792
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 120,520	\$	\$	\$
Construction contracts payable				55,786
Due to other funds	211	411		4,864
Accrued payroll and employee benefits				29,378
Deferred revenues	3,533	10,796		
<b>Total liabilities</b>	124,264	11,207		90,028
Fund balances:				
Unreserved:				
Undesignated	781,985	5,828,692	13,281	3,397,764
<b>Total fund balances</b>	781,985	5,828,692	13,281	3,397,764
<b>Total liabilities and fund balances</b>	\$ 906,249	\$ 5,839,899	\$ 13,281	\$ 3,487,792

Totals

\$	9,954,065
	17,547
	<u>275,609</u>
\$	<u>10,247,221</u>

\$	120,520
	55,786
	5,486
	29,378
	<u>14,329</u>
	<u>225,499</u>

10,021,722

10,021,722

\$ 10,247,221

**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, 2010**

	Adjacent Ways	Soft Capital Allocation	Gifts and Donations
<b>Revenues:</b>			
Other local	\$ 19,873	\$ 141,722	\$
Property taxes	77,490	147,280	
State aid and grants		1,585,381	
<b>Total revenues</b>	97,363	1,874,383	
<b>Expenditures:</b>			
Capital outlay	389,604		
<b>Total expenditures</b>	389,604		
<b>Excess (deficiency) of revenues over expenditures</b>	(292,241)	1,874,383	
<b>Other financing sources (uses):</b>			
Transfer out			(7)
<b>Total other financing sources (uses)</b>			(7)
<b>Change in fund balances</b>	(292,241)	1,874,383	(7)
<b>Fund balances, beginning of year</b>	1,074,226	3,954,309	7
<b>Fund balances, end of year</b>	\$ 781,985	\$ 5,828,692	\$

<u>Condemnation</u>	<u>Building Renewal</u>	<u>Totals</u>
\$ 241	\$ 59,319	\$ 221,155
		224,770
		1,585,381
<u>241</u>	<u>59,319</u>	<u>2,031,306</u>
	2,775,709	3,165,313
	2,775,709	3,165,313
<u>241</u>	<u>(2,716,390)</u>	<u>(1,134,007)</u>
		(7)
		(7)
<u>241</u>	<u>(2,716,390)</u>	<u>(1,134,014)</u>
13,040	6,114,154	11,155,736
<u>\$ 13,281</u>	<u>\$ 3,397,764</u>	<u>\$ 10,021,722</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	Adjacent Ways		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 19,873	\$ 19,873
Property taxes	67,871	77,490	9,619
State aid and grants			
<b>Total revenues</b>	<u>67,871</u>	<u>97,363</u>	<u>29,492</u>
<b>Expenditures:</b>			
Capital outlay	1,200,000	389,604	810,396
Debt service - Principal retirement			
<b>Total expenditures</b>	<u>1,200,000</u>	<u>389,604</u>	<u>810,396</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,132,129)</u>	<u>(292,241)</u>	<u>839,888</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	<u>(1,132,129)</u>	<u>(292,241)</u>	<u>839,888</u>
<b>Fund balances, July 1, 2009</b>	1,132,129	1,074,226	(57,903)
<b>Fund balances (deficits), June 30, 2010</b>	<u>\$</u>	<u>\$ 781,985</u>	<u>\$ 781,985</u>

Soft Capital Allocation			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 141,722	\$ 141,722	\$	\$	\$
	147,280	147,280			
1,105,601	1,585,381	479,780			
1,105,601	1,874,383	768,782			
3,452,093		3,452,093	20,000		20,000
2,811,830		2,811,830			
6,263,923		6,263,923	20,000		20,000
(5,158,322)	1,874,383	7,032,705	(20,000)		20,000
6,321,882		(6,321,882)		(7)	(7)
6,321,882		(6,321,882)		(7)	(7)
1,163,560	1,874,383	710,823	(20,000)	(7)	19,993
8,043,582	3,954,309	(4,089,273)		7	7
\$ 9,207,142	\$ 5,828,692	\$ (3,378,450)	\$ (20,000)	\$	\$ 20,000

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2010**  
**(Concluded)**

	Condemnation		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 241	\$ 241
Property taxes			
State aid and grants			
<b>Total revenues</b>		241	241
<b>Expenditures:</b>			
Capital outlay	13,500		13,500
Debt service -			
Principal retirement			
<b>Total expenditures</b>	13,500		13,500
<b>Excess (deficiency) of revenues over expenditures</b>	(13,500)	241	13,741
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	(13,500)	241	13,741
<b>Fund balances, July 1, 2009</b>		13,040	13,040
<b>Fund balances (deficits), June 30, 2010</b>	\$ (13,500)	\$ 13,281	\$ 26,781

Building Renewal			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 59,319	\$ 59,319	\$	\$ 221,155	\$ 221,155
			67,871	224,770	156,899
			1,105,601	1,585,381	479,780
	59,319	59,319	1,173,472	2,031,306	857,834
6,157,781	2,775,709	3,382,072	10,843,374	3,165,313	7,678,061
			2,811,830		2,811,830
6,157,781	2,775,709	3,382,072	13,655,204	3,165,313	10,489,891
(6,157,781)	(2,716,390)	3,441,391	(12,481,732)	(1,134,007)	11,347,725
			6,321,882	(7)	(6,321,889)
			6,321,882	(7)	(6,321,889)
(6,157,781)	(2,716,390)	3,441,391	(6,159,850)	(1,134,014)	5,025,836
	6,114,154	6,114,154	9,175,711	11,155,736	1,980,025
\$ (6,157,781)	\$ 3,397,764	\$ 9,555,545	\$ 3,015,861	\$ 10,021,722	\$ 7,005,861

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## **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**  
**ALL AGENCY FUNDS**  
**JUNE 30, 2010**

	<u>Student Activities</u>	<u>Employee Insurance</u>	<u>Direct Deposit</u>	<u>Employee Withholding</u>	<u>Totals</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 2,094,149	\$ 1,309,645	\$ 2,275,195	\$ 2,488,873	\$ 8,167,862
<b>Total assets</b>	<u>\$ 2,094,149</u>	<u>\$ 1,309,645</u>	<u>\$ 2,275,195</u>	<u>\$ 2,488,873</u>	<u>\$ 8,167,862</u>
<b><u>LIABILITIES</u></b>					
Deposits held for others		1,309,645	2,275,195	2,488,873	6,073,713
Due to student groups	2,094,149				2,094,149
<b>Total liabilities</b>	<u>\$ 2,094,149</u>	<u>\$ 1,309,645</u>	<u>\$ 2,275,195</u>	<u>\$ 2,488,873</u>	<u>\$ 8,167,862</u>

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>2,147,406</u>	\$ <u>2,083,885</u>	\$ <u>2,137,142</u>	\$ <u>2,094,149</u>
Total assets	\$ <u><u>2,147,406</u></u>	\$ <u><u>2,083,885</u></u>	\$ <u><u>2,137,142</u></u>	\$ <u><u>2,094,149</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>2,147,406</u>	\$ <u>2,083,885</u>	\$ <u>2,137,142</u>	\$ <u>2,094,149</u>
Total liabilities	\$ <u><u>2,147,406</u></u>	\$ <u><u>2,083,885</u></u>	\$ <u><u>2,137,142</u></u>	\$ <u><u>2,094,149</u></u>
<b><u>EMPLOYEE INSURANCE FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>1,507,803</u>	\$ <u>34,910,809</u>	\$ <u>35,108,967</u>	\$ <u>1,309,645</u>
Total assets	\$ <u><u>1,507,803</u></u>	\$ <u><u>34,910,809</u></u>	\$ <u><u>35,108,967</u></u>	\$ <u><u>1,309,645</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>1,507,803</u>	\$ <u>34,910,809</u>	\$ <u>35,108,967</u>	\$ <u>1,309,645</u>
Total liabilities	\$ <u><u>1,507,803</u></u>	\$ <u><u>34,910,809</u></u>	\$ <u><u>35,108,967</u></u>	\$ <u><u>1,309,645</u></u>
<b><u>DIRECT DEPOSIT FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>2,230,292</u>	\$ <u>167,591,368</u>	\$ <u>167,546,465</u>	\$ <u>2,275,195</u>
Total assets	\$ <u><u>2,230,292</u></u>	\$ <u><u>167,591,368</u></u>	\$ <u><u>167,546,465</u></u>	\$ <u><u>2,275,195</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>2,230,292</u>	\$ <u>167,591,368</u>	\$ <u>167,546,465</u>	\$ <u>2,275,195</u>
Total liabilities	\$ <u><u>2,230,292</u></u>	\$ <u><u>167,591,368</u></u>	\$ <u><u>167,546,465</u></u>	\$ <u><u>2,275,195</u></u>

(Continued)

**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2010**  
**(Concluded)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>EMPLOYEE WITHHOLDING FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ _____	\$ 119,443,283	\$ 116,954,410	\$ 2,488,873
Total assets	\$ _____	\$ 119,443,283	\$ 116,954,410	\$ 2,488,873
<u>Liabilities</u>				
Deposits held for others	\$ _____	\$ 119,443,283	\$ 116,954,410	\$ 2,488,873
Total liabilities	\$ _____	\$ 119,443,283	\$ 116,954,410	\$ 2,488,873
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 5,885,501	\$ 324,029,345	\$ 321,746,984	\$ 8,167,862
Total assets	\$ 5,885,501	\$ 324,029,345	\$ 321,746,984	\$ 8,167,862
<u>Liabilities</u>				
Deposits held for others	\$ 3,738,095	\$ 321,945,460	\$ 319,609,842	\$ 6,073,713
Due to student groups	2,147,406	2,083,885	2,137,142	2,094,149
Total liabilities	\$ 5,885,501	\$ 324,029,345	\$ 321,746,984	\$ 8,167,862

## 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.

Due to cost considerations for the accumulation of data, the District has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

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**TUCSON UNIFIED SCHOOL DISTRICT NO. 1**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

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

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

- Notes:** 1) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only nine years are shown.
- 2) 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 NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenses</b>					
Instruction	\$ 249,555,054	\$ 274,064,584	\$ 277,859,085	\$ 265,531,648	\$ 264,382,773
Support services - students and staff	68,096,321	73,312,642	77,635,780	68,928,241	64,598,405
Support services - administration	40,736,506	42,115,765	47,148,478	47,831,765	50,069,751
Operation and maintenance of plant services	55,307,716	57,068,774	57,591,997	54,554,170	52,150,567
Student transportation services	24,061,246	23,266,202	26,331,263	23,142,644	22,962,146
Operation of non-instructional services	18,992,991	19,192,468	18,759,077	21,506,993	21,006,594
Interest on long-term debt	14,045,722	14,868,122	14,047,689	13,493,610	14,529,371
Total expenses	<u>470,795,556</u>	<u>503,888,557</u>	<u>519,373,369</u>	<u>494,989,071</u>	<u>489,699,607</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	12,652,780	8,452,639	8,162,423	3,706,972	5,870,449
Operation of non-instructional services	3,640,047	4,222,326	4,615,045	7,620,078	7,020,158
Other activities	897,087	915,321	813,792	3,345,738	2,502,327
Operating grants and contributions	77,282,861	66,930,683	69,575,109	63,854,736	70,429,617
Capital grants and contributions	5,455,281	1,675,625	3,207,618	2,006,641	7,063,084
Total program revenues	<u>99,928,056</u>	<u>82,196,594</u>	<u>86,373,987</u>	<u>80,534,165</u>	<u>92,885,635</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (370,867,500)</u>	<u>\$ (421,691,963)</u>	<u>\$ (432,999,382)</u>	<u>\$ (414,454,906)</u>	<u>\$ (396,813,972)</u>

(Continued)

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Expenses</b>				
Instruction	\$ 248,314,669	\$ 238,475,337	\$ 247,282,914	\$ 223,402,478
Support services - students and staff	60,266,115	53,902,114	61,808,761	52,673,043
Support services - administration	45,529,903	43,600,161	48,416,455	44,884,094
Operation and maintenance of plant services	48,718,608	48,412,913	46,734,266	43,299,301
Student transportation services	21,635,755	19,380,992	19,450,223	16,100,925
Operation of non-instructional services	20,351,159	17,660,501	20,969,168	21,120,312
Interest on long-term debt	17,358,394	14,538,612	18,245,345	20,634,286
Total expenses	<u>462,174,603</u>	<u>435,970,630</u>	<u>462,907,132</u>	<u>422,114,439</u>
<b>Program Revenues</b>				
Charges for services:				
Instruction	8,757,240	4,502,115	4,426,527	6,542,119
Operation of non-instructional services	7,448,300	7,046,166	7,383,275	7,415,824
Other activities	3,470,841	3,219,247	2,306,821	1,950,206
Operating grants and contributions	70,448,238	56,305,739	56,119,768	45,309,819
Capital grants and contributions	2,756,434	1,771,596	2,878,979	4,770,462
Total program revenues	<u>92,881,053</u>	<u>72,844,863</u>	<u>73,115,370</u>	<u>65,988,430</u>
<b>Net (Expense)/Revenue</b>	<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 provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only nine years are shown.
  - 2) 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.
  - 3) The increase in capital grants and contributions in fiscal year 2006 is primarily due to a \$4.0 million settlement received during the year.
  - 4) 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 NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>
<b>Net (Expense)/Revenue</b>	\$ (370,867,500)	\$ (421,691,963)	\$ (432,999,382)	\$ (414,454,906)	\$ (396,813,972)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	142,759,522	131,633,343	134,956,549	131,350,704	125,983,872
Property taxes, levied for debt service	44,806,399	46,393,710	43,991,425	41,675,953	38,347,656
Property taxes, levied for capital outlay	378,741	12,258,603	9,719,093	7,349,019	9,247,617
Investment income	1,099,217	2,134,966	5,312,571	5,823,418	3,943,813
Unrestricted county aid	12,191,663	141,544		137,385	11,247,933
Unrestricted state aid	202,282,511	229,617,096	272,140,866	267,218,685	236,389,038
Unrestricted federal aid	21,611,614	1,380,955	1,486,227	1,280,320	1,387,478
Special item - loss on the sale of capital assets					
<b>Total general revenues</b>	<u>425,129,667</u>	<u>423,560,217</u>	<u>467,606,731</u>	<u>454,835,484</u>	<u>426,547,407</u>
<b>Changes in Net Assets</b>	<u>\$ 54,262,167</u>	<u>\$ 1,868,254</u>	<u>\$ 34,607,349</u>	<u>\$ 40,380,578</u>	<u>\$ 29,733,435</u>

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Net (Expense)/Revenue</b>	\$ (369,293,550)	\$ (363,125,767)	\$ (389,791,762)	\$ (356,126,009)
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes	116,965,552	121,438,947	116,631,857	116,272,421
Property taxes, levied for debt service	35,990,670	37,746,252	36,400,214	35,566,390
Property taxes, levied for capital outlay	9,931,191	11,674,036	11,443,794	10,549,719
Investment income	1,406,572	590,483	(728,141)	1,439,281
Unrestricted county aid	11,075,419	10,855,360	10,470,640	9,912,382
Unrestricted state aid	238,064,825	248,850,156	251,999,467	225,632,549
Unrestricted federal aid	1,953,761	2,209,797	1,898,163	1,755,159
Special item - loss on the sale of capital assets	(3,027,661)			
<b>Total general revenues</b>	<u>412,360,329</u>	<u>433,365,031</u>	<u>428,115,994</u>	<u>401,127,901</u>
<b>Changes in Net Assets</b>	<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) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only nine years are shown.
- 2) In fiscal year 2003, investment income includes an investment loss suffered in the participation of the Local Government Investment Pool.
- 3) 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 NINE FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
General Fund:					
Reserved	\$ 18,561,991	\$ 2,473,779	\$ 2,156,886	\$ 1,887,451	\$ 1,875,819
Unreserved	24,431,693	10,247,050	17,065,201	10,979,393	13,255,134
Total General Fund	\$ 42,993,684	\$ 12,720,829	\$ 19,222,087	\$ 12,866,844	\$ 15,130,953
All Other Governmental Funds:					
Reserved	\$ 456,094	\$ 448,178	\$ 457,812	\$ 291,620	\$ 428,577
Unreserved, reported in:					
Special revenue funds	35,070,776	27,647,952	26,442,348	19,375,714	17,849,207
Capital projects funds	45,131,394	71,961,823	62,315,116	61,188,523	59,605,564
Debt service funds	12,084,405	10,952,462	9,308,507	10,602,874	8,015,570
Total all other governmental funds	\$ 92,742,669	\$ 111,010,415	\$ 98,523,783	\$ 91,458,731	\$ 85,898,918
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	
General Fund:					
Reserved	\$ 1,421,338	\$ 1,673,162	\$ 2,011,329	\$ 2,183,919	
Unreserved	13,624,795	14,899,404	15,522,617	4,865,335	
Total General Fund	\$ 15,046,133	\$ 16,572,566	\$ 17,533,946	\$ 7,049,254	
All Other Governmental Funds:					
Reserved	\$ 914,168	\$ 582,166	\$ 763,374	\$ 453,035	
Unreserved, reported in:					
Special revenue funds	22,074,143	16,007,905	15,525,490	13,253,062	
Capital projects funds	68,994,797	14,247,780	7,856,233	1,692,470	
Debt service funds	5,514,797	2,244,671	3,166,327	3,646,656	
Total all other governmental funds	\$ 97,497,905	\$ 33,082,522	\$ 27,311,424	\$ 19,045,223	

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

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Federal sources:</b>					
Federal grants	\$ 58,543,843	\$ 42,041,772	\$ 47,992,922	\$ 48,403,958	\$ 55,723,235
State Fiscal Stabilization Fund	20,594,948				
Impact Aid	1,016,666	1,380,955	1,486,227	1,280,320	1,387,478
National School Lunch Program	16,871,966	16,574,952	14,483,896	13,845,552	13,444,312
Total federal sources	<u>97,027,423</u>	<u>59,997,679</u>	<u>63,963,045</u>	<u>63,529,830</u>	<u>70,555,025</u>
<b>State sources:</b>					
State equalization assistance	185,038,264	211,483,789	235,738,168	222,947,284	200,066,485
State grants	3,291,113	5,422,104	6,076,613	3,611,867	4,310,412
School Facilities Board			4,654,792	17,861,491	7,759,135
Other revenues	16,048,443	19,775,662	30,737,345	26,409,910	27,931,624
Total state sources	<u>204,377,820</u>	<u>236,681,555</u>	<u>277,206,918</u>	<u>270,830,552</u>	<u>240,067,656</u>
<b>Local sources:</b>					
Property taxes	187,598,121	189,705,780	186,860,498	179,961,642	174,636,609
County aid	12,191,663	279,544		187,229	11,395,675
Food service sales	2,841,522	3,384,150	3,720,714	3,844,651	3,866,733
Investment income (loss)	924,187	1,868,172	5,066,837	5,479,445	3,761,472
Other revenues	19,243,985	17,424,953	17,870,809	10,778,293	11,378,459
Total local sources	<u>222,799,478</u>	<u>212,662,599</u>	<u>213,518,858</u>	<u>200,251,260</u>	<u>205,038,948</u>
<b>Total revenues</b>	<u>\$ 524,204,721</u>	<u>\$ 509,341,833</u>	<u>\$ 554,688,821</u>	<u>\$ 534,611,642</u>	<u>\$ 515,661,629</u>
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	
<b>Federal sources:</b>					
Federal grants	\$ 55,366,233	\$ 41,423,318	\$ 42,667,295	\$ 33,716,168	
State Fiscal Stabilization Fund					
Impact Aid	1,953,761	2,209,797	1,898,163	1,755,159	
National School Lunch Program	13,088,729	13,007,683	13,086,853	12,617,059	
Total federal sources	<u>70,408,723</u>	<u>56,640,798</u>	<u>57,652,311</u>	<u>48,088,386</u>	
<b>State sources:</b>					
State equalization assistance	196,023,737	198,387,060	192,916,003	185,954,557	
State grants	4,970,084	4,061,565	3,664,857	3,257,280	
School Facilities Board	20,900,366	33,075,557	42,329,638	21,047,050	
Other revenues	23,839,734	15,764,791	16,830,203	18,383,795	
Total state sources	<u>245,733,921</u>	<u>251,288,973</u>	<u>255,740,701</u>	<u>228,642,682</u>	
<b>Local sources:</b>					
Property taxes	169,437,345	168,106,772	163,858,785	162,704,166	
County aid	11,258,636	10,869,859	10,483,809	10,139,465	
Food service sales	4,573,941	4,797,355	5,163,161	5,428,958	
Investment income (loss)	1,313,372	517,133	(721,756)	1,237,729	
Other revenues	14,919,223	9,955,674	8,871,635	10,704,058	
Total local sources	<u>201,502,517</u>	<u>194,246,793</u>	<u>187,655,634</u>	<u>190,214,376</u>	
<b>Total revenues</b>	<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.

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

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

	<b>Fiscal Year Ended June 30</b>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 230,202,146	\$ 234,931,349	\$ 240,042,909	\$ 236,770,040	\$ 235,893,712
Support services - students and staff	69,436,330	72,736,897	74,974,896	68,047,068	64,877,261
Support services - administration	40,324,873	40,973,334	44,211,988	47,934,273	46,574,968
Operation and maintenance of plant services	55,338,511	56,234,094	53,611,181	52,330,014	50,036,858
Student transportation services	23,193,120	21,568,722	24,300,043	21,978,854	22,051,935
Operation of non-instructional services	18,770,777	19,167,046	21,740,678	21,162,973	20,261,039
Capital outlay	51,201,278	66,818,229	84,056,213	49,407,315	47,570,444
Debt service -					
Claims and judgments		1,916,877			
Interest and fiscal charges	14,079,089	15,205,476	14,081,326	13,524,715	14,544,911
Principal retirement	33,004,537	32,461,174	34,976,055	31,195,352	26,054,091
Bond issuance costs		762,221	367,959	147,702	676,749
<b>Total expenditures</b>	<u>\$ 535,550,661</u>	<u>\$ 562,775,419</u>	<u>\$ 592,363,248</u>	<u>\$ 542,498,306</u>	<u>\$ 528,541,968</u>
Expenditures for capitalized assets	\$ 34,878,196	\$ 44,654,742	\$ 58,186,989	\$ 27,741,175	\$ 27,151,850
Debt service as a percentage of noncapital expenditures	9%	9%	9%	9%	8%

**(Continued)**

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

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (11,345,940)	\$ (53,433,586)	\$ (37,674,427)	\$ (7,886,664)	\$ (12,880,339)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds		57,000,000	47,000,000	10,000,000	
Issuance of refunding bonds					47,825,000
Premium on sale of bonds		1,066,478	706,670	163,267	1,852,588
Proceeds from sale of capital assets					
Capital lease agreements	7,254,921	1,045,221	2,952,425	1,144,426	720,533
Transfers in	3,228,393	12,001,930	4,505,961	3,008,303	3,775,378
Transfers out	(3,228,393)	(12,001,930)	(4,505,961)	(3,008,303)	(3,775,378)
Payment to refunded bond escrow agent					(49,000,839)
Total other financing sources (uses)	<u>7,254,921</u>	<u>59,111,699</u>	<u>50,659,095</u>	<u>11,307,693</u>	<u>1,397,282</u>
<b>Changes in fund balances</b>	<u>\$ (4,091,019)</u>	<u>\$ 5,678,113</u>	<u>\$ 12,984,668</u>	<u>\$ 3,421,029</u>	<u>\$ (11,483,057)</u>
	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>	
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 9,754,854	\$ 3,668,291	\$ 14,515,566	\$ 7,273,798	
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds	47,000,000				
Issuance of refunding bonds		140,140,000			
Premium on sale of bonds	906,231	7,302,825			
Proceeds from sale of capital assets	1,752,847				
Capital lease agreements	3,394,840	66,879	4,097,578	2,766,029	
Transfers in	2,012,945	911,622	1,029,951	497,787	
Transfers out	(2,012,945)	(911,622)	(1,029,951)	(497,787)	
Payment to refunded bond escrow agent		(145,848,902)			
Total other financing sources (uses)	<u>53,053,918</u>	<u>1,660,802</u>	<u>4,097,578</u>	<u>2,766,029</u>	
<b>Changes in fund balances</b>	<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**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Valuation</b>	<b>Total Direct Rate</b>	<b>Estimated Actual Value</b>	<b>Ratio of Net Assessed to Estimated Actual Value</b>
	<b>Residential Property</b>	<b>Commercial Property</b>						
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
2001					1,980,572,179	9.05	16,800,229,854	11.79

**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**

<b>Fiscal Year Ended June 30</b>	<b>Overlapping Rates</b>								<b>District Direct Rates</b>		
	<b>County</b>	<b>County Free Library</b>	<b>Flood Control District</b>	<b>Community College District</b>	<b>Fire District Assistance</b>	<b>Central Arizona Water</b>	<b>City of Tucson</b>	<b>City of South Tucson</b>	<b>Primary</b>	<b>Secondary</b>	<b>Total</b>
	2010	4.02	0.26	0.26	1.08	0.04	0.10	0.93	0.20	4.94	1.13
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
2001	5.00	0.20	0.30	1.56	0.05	0.13	1.13	0.29	7.11	1.94	9.05

**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 NINE YEARS AGO**

<u>Taxpayer</u>	<u>2010</u>		<u>2001</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>
Qwest Corporation	\$ 56,377,513	1.42 %	\$ 49,043,933	2.37 %
Unisource Energy Corporation	46,848,919	1.18		
Southwest Gas Corporation	31,761,979	0.80	25,453,181	1.23
Park Place Shopping Center	19,454,212	0.49	10,346,821	0.50
Starr Pass Resort Developments LLC	18,263,138	0.46		
El Con Shopping Center	10,719,668	0.27	8,691,330	0.42
WC Partners	9,131,569	0.23		
Hub Properties Trust	7,543,470	0.19		
Marshall Foundation	7,543,470	0.19		
Wal-Mart Stores, Inc.	6,352,396	0.16		
AT&T Telecommunications, Inc.			12,623,122	0.61
TMC Foundation				
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
Tucson Electric Power Company			62,701,738	3.03
Crescent Real Estate Funding			4,522,601	0.22
Total	<u>\$ 213,996,334</u>	<u>5.39 %</u>	<u>\$ 189,523,767</u>	<u>9.16 %</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
2010	\$ 179,853,772	\$ 171,331,961	95.26 %	\$	\$ 171,331,961	95.26 %
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	5,628,289	165,137,735	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
2001	141,459,120	134,802,107	95.29	6,657,013	141,459,120	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 NINE 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
2010	\$ 265,260,000		\$ 265,260,000	0.73 %	634	\$ 7,255,971	\$ 272,515,971	0.75 %	652	N/A %
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, 2010**

<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	\$ 779,785,597	41.80 %	\$ 325,950,380
Community College District	27,435,000	41.80	11,467,830
City of Tucson	1,234,952,651	98.61	1,217,786,809
Subtotal, Overlapping Debt			<u>1,555,205,019</u>
Direct:			
Tucson Unified School District No. 1			<u>272,515,971</u>
Total Direct and Overlapping Debt			<u><u>\$1,827,720,990</u></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	\$ 265,260,000	\$ 634	6.68 %	0.73 %
Net Direct and Overlapping General Obligation Bonded Debt	922,605,610	2,207	23.24	2.55

**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, 2009 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 NINE FISCAL YEARS**

**Class B Bond Legal Debt Margin Calculation for Fiscal Year 2010:**

Secondary assessed valuation	\$ 3,970,247,363
Debt limit (10% of assessed value)	397,024,736
Debt applicable to limit	<u>139,030,000</u>
Legal debt margin	<u><u>\$ 257,994,736</u></u>

**Legal Debt Margin Calculation for Fiscal Year 2010:**

Secondary assessed valuation	\$ 3,970,247,363
Debt limit (30% of assessed value)	1,191,074,209
Debt applicable to limit	<u>265,260,000</u>
Legal debt margin	<u><u>\$ 925,814,209</u></u>

**Fiscal Year Ended June 30**

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limit	\$ 750,958,569	\$ 707,625,017	\$ 658,815,682	\$ 620,809,283
Total net debt applicable to limit	<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>\$ 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	40%	38%	45%	51%

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

**Note:** 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.

**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>
2009	1,018,012	\$ N/A	\$ N/A	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
2000	849,350	20,513,582	24,175	3.7	446,118

**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 NINE YEARS AGO**

<u>Employer</u>	<u>2010</u>		<u>2001</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Raytheon Missile Systems	12,515	2.82 %	10,000	2.53 %
The University of Arizona	11,842	2.67		
State of Arizona	8,710	1.96		
Davis-Monthan Air Force Base	7,755	1.75		
Tucson Unified School District	7,012	1.58		
Wal-Mart Stores Inc.	6,575	1.48		
U.S. Army, Fort Huachuca	6,463	1.45		
Pima County	6,235	1.40		
City of Tucson	6,028	1.36		
Freeport McMoran Copper & Gold Inc.	5,956	1.34		
Tohono O'Odham Nation	4,553	1.02		
Carondelet Health Network	4,455	1.00		
University of Arizona			13,192	3.34
State of Arizona			10,071	2.55
Davis-Monthan Air Force Base			8,346	2.12
Pima County			7,830	1.98
Tucson Unified School District			7,500	1.90
City of Tucson			5,000	1.27
Carondelet Health Services			3,596	0.91
Phelps Dodge Corp.			2,700	0.68
Asarco Inc.			2,500	0.63
Total	<u>88,099</u>	<u>19.83 %</u>	<u>70,735</u>	<u>17.91 %</u>
Total employment	<u>444,300</u>		<u>394,486</u>	

**Source:** The source of this information is the City of Tucson's Comprehensive Annual Financial Report for fiscal year ended June 30, 2010.

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

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Supervisory</b>					
Administrators	51	46	48	48	52
Principals	97	90	99	105	99
Assistant principals	55	67	72	68	69
Total supervisory	<u>203</u>	<u>203</u>	<u>219</u>	<u>221</u>	<u>220</u>
<b>Instruction</b>					
Teachers	3,106	3,291	3,406	3,397	3,374
Other certified	74	71	131	160	199
Instructional aides	552	564	568	562	566
Total instruction	<u>3,732</u>	<u>3,926</u>	<u>4,105</u>	<u>4,119</u>	<u>4,139</u>
<b>Student Services</b>					
Librarians	25	74	83	81	85
Food services	209	253	255	263	272
Other	485	767	713	750	775
Total student services	<u>719</u>	<u>1,094</u>	<u>1,051</u>	<u>1,094</u>	<u>1,132</u>
<b>Support and Administration</b>					
Custodians	480	333	323	333	341
Bus drivers/monitor	380	466	473	409	456
Other	966	977	1,036	1,037	1,033
Total support and administration	<u>1,826</u>	<u>1,776</u>	<u>1,832</u>	<u>1,779</u>	<u>1,830</u>
<b>Total</b>	<u><u>6,480</u></u>	<u><u>6,999</u></u>	<u><u>7,207</u></u>	<u><u>7,213</u></u>	<u><u>7,321</u></u>

(Continued)

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Supervisory</b>				
Administrators	53	42	62	75
Principals	105	103	104	100
Assistant principals	65	62	63	55
Total supervisory	<u>223</u>	<u>207</u>	<u>229</u>	<u>230</u>
<b>Instruction</b>				
Teachers	3,428	3,432	3,482	3,480
Other certified	141	88	70	89
Instructional aides	517	486	495	502
Total instruction	<u>4,086</u>	<u>4,006</u>	<u>4,047</u>	<u>4,071</u>
<b>Student Services</b>				
Librarians	93	89	104	98
Food services	277	290	326	366
Other	762	767	770	786
Total student services	<u>1,132</u>	<u>1,146</u>	<u>1,200</u>	<u>1,250</u>
<b>Support and Administration</b>				
Custodians	319	336	329	315
Bus drivers/monitor	451	441	447	420
Other	1,130	1,147	1,193	1,250
Total support and administration	<u>1,900</u>	<u>1,924</u>	<u>1,969</u>	<u>1,985</u>
<b>Total</b>	<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 NINE FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
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.

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

	<b>Fiscal Year Ended June 30</b>								
	<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>
<b><u>Schools</u></b>									
<b>Elementary</b>									
Buildings	579	579	579	476	476	476	475	462	460
Square feet	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	31,620	34,810	34,810	34,810	34,810	34,810	33,600
Enrollment	28,231	28,231	29,413	30,210	28,707	29,118	29,289	29,719	30,431
<b>Middle</b>									
Buildings	120	120	120	106	106	106	105	102	102
Square feet	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	15,091	15,091	15,091	15,091	15,091	15,091
Enrollment	12,092	12,092	12,486	12,979	13,777	14,421	14,554	14,697	14,679
<b>High</b>									
Buildings	110	110	110	106	106	106	106	106	106
Square feet	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	17,970	17,970	17,970	17,970	17,970	17,970
Enrollment	16,790	16,790	16,010	16,123	17,004	16,876	16,924	16,772	16,811
<b>Other</b>									
Buildings	28	28	28	22	22	22	22	22	22
Square feet	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
Enrollment	250	250	193	282	282	299	304	300	309
<b><u>Administrative</u></b>									
Buildings	89	89	89	88	88	88	88	88	88
Square feet	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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