

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35

RIO RICO, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Issued by:
Business and Finance Department

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35

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INTRODUCTORY SECTION

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Santa Cruz Valley Unified School District No. 35

Daniel Fontes
Superintendent

December 21, 2012

Rodney Rich
Assistant
Superintendent of
Curriculum and
Instruction

Citizens and Governing Board
Santa Cruz Valley Unified School District No. 35
1374 W. Frontage Road
Rio Rico, AZ 85648-2006

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 Santa Cruz Valley Unified School District No. 35 (District) for the fiscal year ended June 30, 2012.

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, 2012, 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, 2012, 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.

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Fearless Learners, Exceeding Expectations

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 Santa Cruz Valley Unified School District No. 35 is one of five public school districts located in Santa Cruz County, Arizona. It provides a program of public education from kindergarten through grade twelve with an average daily membership of 3,340. Projected enrollment for fiscal year 2012-13 is anticipated to be 3,300.

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 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 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 athletic functions.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail 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 overexpenditures 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 Santa Cruz Valley Unified School District No. 35 (District) is located in the community of Rio Rico. The community's 39,000 acres roll gently down from the Santa Rita Mountains through the San Cayetano Foothills westward to the Santa Cruz River. The District boundaries also include the communities of Tumacacori, Tubac and Amado and cover a total of two hundred and sixty-six square miles. The population is varied in nature. About 95% of the students are minority students with a Hispanic heritage. Seventy percent of the pupils speak another language. The District employs around 390 teachers and classified personnel of which the majority resides within the District boundaries.

Given the proximity to the border with Mexico cross-border trade and local small retailers characterize the regional economy. As part of the American Recovery and Reinvestment Act (ARRA), a project is underway to expand and modernize the port, it is expected that this major project will significantly impact the local economy with job creation. Average daily membership (ADM) has fluctuated in recent years with several years of declines. However, with the potential job creation from the port expansion, the District expects enrollment to increase around 2% in the near future.

The District itself operates on a General Fund budget of about \$17.7 million. The educational programs in the District are supported by an additional \$3.8 million in Federal and State grants. This governmental money may or may not be renewed from year to year. A barometer of the amount of support from the community is shown by the \$130,000 in donations that were received from private agencies or individuals. The District continues to benefit from a 5% Maintenance and Operations override allowing the District to reach a good financial position, especially given the constraints of the State's school funding plan.

Long-term Financial Planning. As we divert from a growing pattern in enrollment to a non-growing phase our long-term financial plan focus is to ensure that our current cost structure does not over commit to an unsustainable level of expenditures to prevent dramatic and painful cuts if not first scaled back gradually. The District's long-term financial plan is linked to address our District's educational goals, such as the need to invest in new curriculum that will better serve our student body. The District continues to monitor closely enrollment projections and state funding in an effort to recognize in advance potential concerns and make adjustments if needed. The Governing Board continues to work diligently on the development of the strategic plan. The District is currently gathering customer and employee input that is critical for the development of the strategic plan. On the other hand, the District now has in place a Facilities Capital Action Plan that allows for monitoring and planning of capital improvements to our buildings. These two planning strategies will help identify and finance long-term strategies to address critical issues that are particular to the District, such as coping with changes in enrollment, or meeting federal or state educational standards. The ultimate financial goal is to deliver the best value possible to our community and our children.

Major Initiatives of the District. The development of a school foundation is in progress. The District identified the need to develop a foundation as crucial in its efforts to expand its ability to mobilize the community in support to current and long-term strategies that enhance and perpetuate district wide academic opportunities and excellence for our students. On the other hand, the District's curriculum department is working diligently on preparing our teachers and families for the implementation of the Common Core Standards.

AWARDS AND ACKNOWLEDGMENT

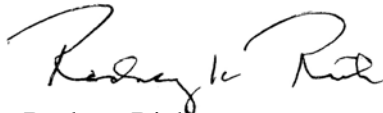
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twelfth consecutive year that the District has received 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, 2011. 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 2011-12 certificates.

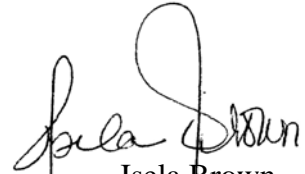
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation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



Rodney Rich
Superintendent



Isela Brown
Business Manager

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Santa Cruz Valley Unified School District No. 35

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Cruz Valley
Unified School District No. 35
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



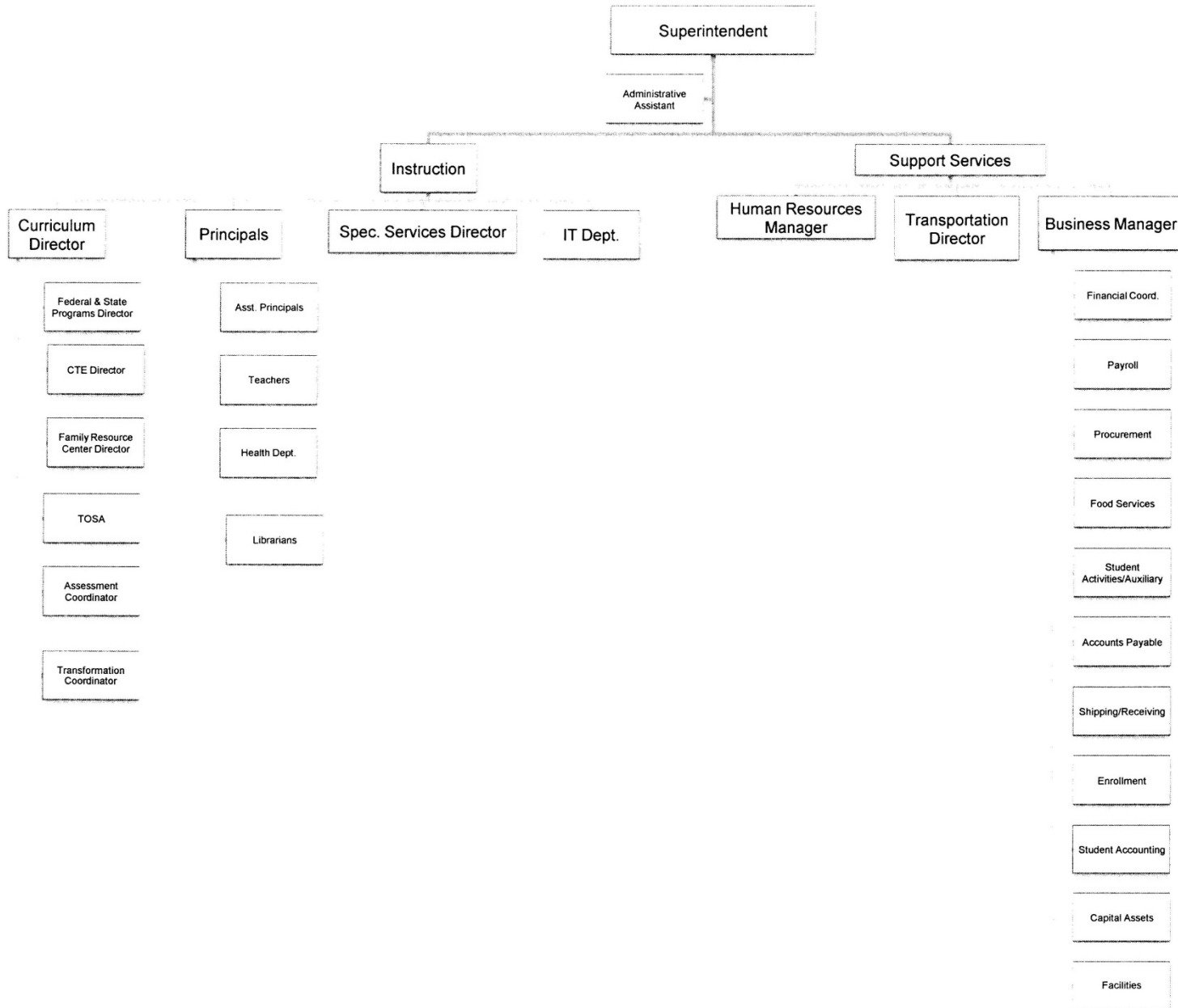
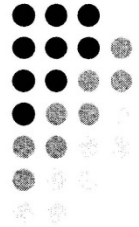
Christopher P. Morille

President

Jeffrey R. Emer

Executive Director

2011-2012 Santa Cruz Valley Unified School District No. 35



SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Harry Clapeck
President

Rosie Simpson
Member

Joel Kramer
Clerk

Brian Vandervoet
Member

Susan Faubion
Member

ADMINISTRATIVE STAFF

Rodney Rich, Superintendent

Stephen Schadler, Director of Curriculum

Isela Brown, Business Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Santa Cruz Valley Unified School District No. 35

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Cruz Valley Unified School District No. 35 (District), as of and for the year ended June 30, 2012, 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 Santa Cruz Valley Unified School District No. 35, as of June 30, 2012, and the respective changes in financial position 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, 2012, on our consideration of the Santa Cruz Valley Unified School District No. 35'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 50 and 51 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.
CPAs and Business Consultants

December 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

As management of the Santa Cruz Valley Unified School District No. 35 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2012. 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 \$980,410 which represents a 2 percent increase from the prior fiscal year as a result of efforts by the District to maximize budget and cash carry forward for future year expenses.
- General revenues accounted for \$23 million in revenue, or 77 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7.0 million or 23 percent of total current fiscal year revenues.
- The District had approximately \$29.0 million in expenses related to governmental activities, an increase of 13 percent from the prior fiscal year primarily as a result of hiring additional personnel, increasing staff development training, and increasing technology purchases using the School Improvement Grant.
- Among major funds, the General Fund had \$20.4 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$17.8 million in expenditures. The General Fund's fund balance increase from \$14.1 million at the prior fiscal year end to \$15.9 million at the end of the current fiscal year was primarily due to efforts by the District to maximize budget and cash carry forward for future year expenditures.

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.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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 two categories: governmental 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.

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 decisions. 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.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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, Debt Service, and Unrestricted Capital Outlay 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.

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.

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 as required supplementary information.

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 \$61.4 million at the current fiscal year end.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, and vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net assets are restricted for federal and state projects, food service, other local initiatives, debt service repayment, and capital outlay investment.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following table presents a summary of the District's net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	As of <u>June 30, 2012</u>	As of <u>June 30, 2011</u>
Current assets	\$ 26,371,052	\$ 25,145,790
Capital assets, net	<u>44,789,668</u>	<u>46,081,373</u>
Total assets, net	<u>71,160,720</u>	<u>71,227,163</u>
Current liabilities	883,870	897,856
Long-term liabilities	<u>8,902,075</u>	<u>9,934,942</u>
Total liabilities	<u>9,785,945</u>	<u>10,832,798</u>
Net assets:		
Invested in capital assets, net of related debt	37,031,052	37,270,913
Restricted	7,068,760	7,417,337
Unrestricted	<u>17,274,963</u>	<u>15,706,115</u>
Total net assets	<u>\$ 61,374,775</u>	<u>\$ 60,394,365</u>

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 increase of \$1.2 million in current assets was primarily as a result of the District minimizing expenses to increase cash balances.
- The principal retirement of \$995,000 of bonds.
- The addition of \$470,570 in capital assets through purchases of vehicles, furniture and equipment.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

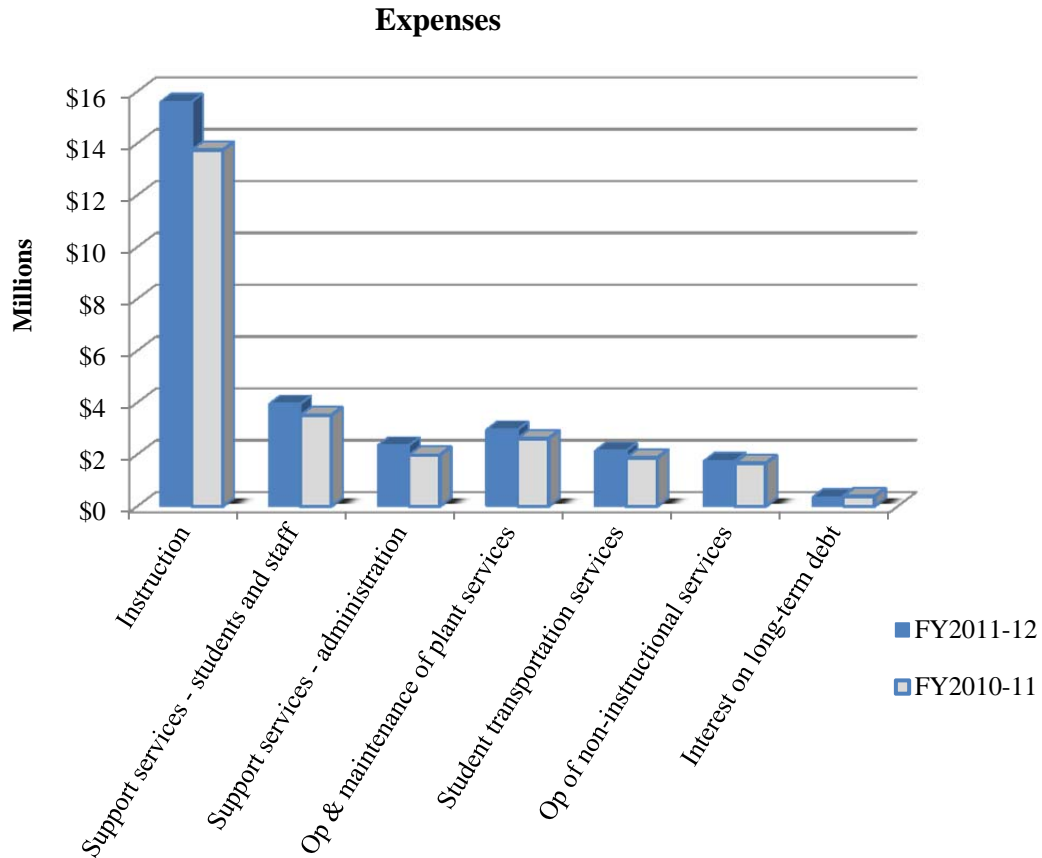
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The District's total revenues for the current fiscal year were \$30.0 million. The total cost of all programs and services was \$28.2 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	Fiscal Year Ended <u>June 30, 2012</u>	Fiscal Year Ended <u>June 30, 2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 615,377	\$ 782,080
Operating grants and contributions	5,307,680	4,514,364
Capital grants and contributions	1,067,053	362,734
General revenues:		
Property taxes	10,424,100	10,610,370
Investment income	114,057	68,988
Unrestricted county aid	471,669	425,737
Unrestricted state aid	11,921,045	13,619,103
Unrestricted federal aid	106,488	160,515
Total revenues	<u>30,027,469</u>	<u>30,543,891</u>
Expenses:		
Instruction	15,599,674	13,732,409
Support services – students and staff	3,944,557	3,501,100
Support services – administration	2,344,181	1,970,869
Operation and maintenance of plant services	2,948,557	2,607,645
Student transportation services	2,135,651	1,858,397
Operation of non-instructional services	1,736,793	1,654,683
Interest on long-term debt	337,646	377,530
Total expenses	<u>29,047,059</u>	<u>25,702,633</u>
Change in net assets	980,410	4,841,258
Net assets, beginning	<u>60,394,365</u>	<u>55,553,107</u>
Net assets, ending	<u>\$ 61,374,775</u>	<u>\$ 60,394,365</u>

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



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

- The increase of \$793,316 in operating grants and contributions was primarily due to new grant funding for the School Improvement Grant as part of the Title I program.
- The increase of \$704,319 in capital grants and contributions was primarily due to increased E-Rate funding from the Schools and Libraries Division.
- State aid revenues decreased \$1.7 million due to a decrease in average daily membership and state-wide budget cuts.
- Instruction expenses increased \$1.9 million due to the hiring of additional personnel at the high school based on the receipt of the School Improvement Grant.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	<u>Year Ended June 30, 2012</u>		<u>Year Ended June 30, 2011</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$ 15,599,674	\$ (11,941,524)	\$ 13,732,409	\$(10,873,035)
Support services – students and staff	3,944,557	(2,643,776)	3,501,100	(2,677,662)
Support services – administration	2,344,181	(2,282,875)	1,970,869	(1,943,244)
Operation and maintenance of plant services	2,948,557	(2,733,391)	2,607,645	(2,527,801)
Student transportation services	2,135,651	(2,072,399)	1,858,397	(1,858,397)
Operation of non-instructional services	1,736,793	(45,338)	1,654,683	214,214
Interest on long-term debt	337,646	(337,646)	377,530	(377,530)
Total	<u>\$ 29,047,059</u>	<u>\$ (22,056,949)</u>	<u>\$ 25,702,633</u>	<u>\$(20,043,455)</u>

- The cost of all governmental activities this year was \$29.0 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$7.0 million.
- Net cost of governmental activities of \$22.1 million was financed by general revenues, which are made up of primarily property taxes of \$10.4 million and unrestricted state aid of \$11.9 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

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

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 fund balance of \$22.8 million, an increase of \$1.2 million due primarily to efforts by the District to maximize budget and cash carryforward for future year expenditures.

The General Fund comprises 70 percent of the total fund balance. Approximately \$15.7 million, or 99 percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$1.7 million to \$15.9 million as of fiscal year end was a result of efforts by the District to maximize budget and cash carryforward in an effort to be better prepared to address cash flow issues as a result of the rollover of state aid payments.

General Fund revenues decreased \$1.5 million as a result of a decrease in state aid revenues due to a decrease in average daily membership and state-wide budget cuts. General Fund expenditures decreased \$609,991.

The Unrestricted Capital Outlay Fund's fund balance increased \$890,368 due to efforts by the District to maximize budget and cash carryforward for upcoming capital projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget due to an increase in special education counts. The difference between the original budget and the final amended budget was a \$381,061 increase, or 2 percent.

The State of Arizona does not require the District to prepare a revenue budget, and the revenue budget for the General Fund was not prepared. Variances between actual and budgeted revenues are a result. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$685,082 in instruction expense was a result of Board-approved salary reductions.
- The unfavorable variance of \$112,108 in support services – students and staff was a result of the unexpected increase in enrollment of special needs students.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of year end, the District had invested \$65.8 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 \$470,570 from the prior fiscal year, primarily due to vehicles, furniture, and equipment. Total depreciation expense for the current fiscal year was \$1.8 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2012 and June 30, 2011.

	As of June 30, 2012	As of June 30, 2011
Capital assets – non-depreciable	\$ 4,510,150	\$ 4,510,150
Capital assets – depreciable, net	40,279,518	41,571,223
Total	\$ 44,789,668	\$ 46,081,373

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$8.1 million in long-term debt outstanding, \$1.0 million due within one year. This represents a net decrease of \$1.1 million.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$55.4 million and the Class B debt limit is \$18.5 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 7 through 9.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

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 2012-13 budget. Among them:

- Fiscal year 2011-12 budget balance carry forward (estimated \$630,000).
- Decreasing student population.
- Stable salary and benefit costs.

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 3 percent to \$17.3 million in fiscal year 2012-13. State aid and property taxes are expected to be the primary funding sources.

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 Business and Finance Department, Santa Cruz Valley Unified School District No. 35, 1374 W. Frontage Road, Rio Rico, Arizona 85648-2006.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 18,452,646
Property taxes receivable	1,924,575
Accounts receivable	29,721
Due from governmental entities	5,775,957
Prepaid items	137,567
Inventory	50,586
Total current assets	26,371,052
Noncurrent assets:	
Land	4,510,150
Land improvements	4,332,606
Buildings and improvements	49,180,811
Vehicles, furniture and equipment	7,825,868
Accumulated depreciation	(21,059,767)
Total noncurrent assets	44,789,668
Total assets	71,160,720
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	522,575
Compensated absences payable	300,000
Accrued interest payable	164,056
Unearned revenues	197,239
Obligations under capital leases	54,484
Bonds payable	955,000
Total current liabilities	2,193,354
Noncurrent liabilities:	
Non-current portion of long-term obligations	7,592,591
Total noncurrent liabilities	7,592,591
Total liabilities	9,785,945
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	37,031,052
Restricted for:	
Federal and state projects	453,679
Food service	398,522
Other local initiatives	277,503
Debt service	788,818
Capital outlay	5,150,238
Unrestricted	17,274,963
Total net assets	\$ 61,374,775

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
Instruction	\$ 15,599,674	\$ 367,929	\$ 2,223,168	\$ 1,067,053		\$ (11,941,524)
Support services - students and staff	3,944,557		1,300,781			(2,643,776)
Support services - administration	2,344,181		61,306			(2,282,875)
Operation and maintenance of plant services	2,948,557	16,004	199,162			(2,733,391)
Student transportation services	2,135,651		63,252			(2,072,399)
Operation of non-instructional services	1,736,793	231,444	1,460,011			(45,338)
Interest on long-term debt	337,646					(337,646)
Total governmental activities	<u>\$ 29,047,059</u>	<u>\$ 615,377</u>	<u>\$ 5,307,680</u>	<u>\$ 1,067,053</u>		<u>(22,056,949)</u>
General revenues:						
Taxes:						
						8,879,329
						119,986
						1,424,785
						114,057
						471,669
						11,921,045
						106,488
						<u>23,037,359</u>
						880,410
						<u>60,394,365</u>
						<u>\$ 61,374,775</u>

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

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FUND FINANCIAL STATEMENTS

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>
<u>ASSETS</u>			
Cash and investments	\$ 10,967,400	\$ 1,701,734	\$ 4,751,488
Property taxes receivable	1,467,140	206,140	251,295
Accounts receivable	24,524		
Due from governmental entities	5,031,375		69,254
Due from other funds			
Prepaid items	137,567		
Inventories	33,834		
Total assets	<u>\$ 17,661,840</u>	<u>\$ 1,907,874</u>	<u>\$ 5,072,037</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 484,509	\$	\$
Due to other funds			
Deferred revenues	1,288,886	204,223	226,591
Bonds payable		955,000	
Bond interest payable		164,056	
Total liabilities	<u>1,773,395</u>	<u>1,323,279</u>	<u>226,591</u>
Fund balances (deficits):			
Nonspendable	171,401		
Restricted		584,595	4,845,446
Unassigned	15,717,044		
Total fund balances	<u>15,888,445</u>	<u>584,595</u>	<u>4,845,446</u>
Total liabilities and fund balances	<u>\$ 17,661,840</u>	<u>\$ 1,907,874</u>	<u>\$ 5,072,037</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,032,024	\$ 18,452,646
	1,924,575
5,197	29,721
675,328	5,775,957
163,383	163,383
	137,567
16,752	50,586
<u>\$ 1,892,684</u>	<u>\$ 26,534,435</u>
\$ 38,066	\$ 522,575
163,383	163,383
244,646	1,964,346
	955,000
	164,056
<u>446,095</u>	<u>3,769,360</u>
16,752	188,153
1,436,500	6,866,541
(6,663)	15,710,381
<u>1,446,589</u>	<u>22,765,075</u>
<u>\$ 1,892,684</u>	<u>\$ 26,534,435</u>

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SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total governmental fund balances	\$	22,765,075
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 65,849,435	
Less accumulated depreciation	<u>(21,059,767)</u>	44,789,668
<p>Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
Property taxes	1,719,700	
Intergovernmental	<u>47,407</u>	1,767,107
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(812,639)	
Obligations under capital leases	(114,436)	
Bonds payable	<u>(7,020,000)</u>	<u>(7,947,075)</u>
Net assets of governmental activities	\$	<u><u>61,374,775</u></u>

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Debt Service	Unrestricted Capital Outlay
Revenues:			
Other local	\$ 667,702	\$ 17,482	\$ 44,366
Property taxes	9,020,595	73,808	1,263,285
State aid and grants	10,561,039		218,935
Federal aid, grants and reimbursements	106,488		
Total revenues	20,355,824	91,290	1,526,586
Expenditures:			
Current -			
Instruction	9,692,661		
Support services - students and staff	2,179,110		
Support services - administration	1,978,126		
Operation and maintenance of plant services	2,305,047		
Student transportation services	1,621,094		
Operation of non-instructional services	37,418		
Capital outlay	20,950		580,670
Debt service -			
Principal retirement	8,772	955,000	48,072
Interest and fiscal charges	1,457	328,713	7,476
Total expenditures	17,844,635	1,283,713	636,218
Excess (deficiency) of revenues over expenditures	2,511,189	(1,192,423)	890,368
Other financing sources (uses):			
Transfers in	148,018	2,650	
Transfers out			
Total other financing sources (uses):	148,018	2,650	
Changes in fund balances	2,659,207	(1,189,773)	890,368
Fund balances, beginning of year	14,142,281	1,774,368	3,955,078
Increase (decrease) in reserve for prepaid items	(886,216)		
Increase (decrease) in reserve for inventory	(26,827)		
Fund balances, end of year	\$ 15,888,445	\$ 584,595	\$ 4,845,446

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 674,324	\$ 1,403,874
1,121	10,358,809
1,408,945	12,188,919
5,929,938	6,036,426
<u>8,014,328</u>	<u>29,988,028</u>
3,218,990	12,911,651
1,410,249	3,589,359
87,674	2,065,800
392,351	2,697,398
87,037	1,708,131
1,619,336	1,656,754
1,207,682	1,809,302
	1,011,844
	337,646
<u>8,023,319</u>	<u>27,787,885</u>
<u>(8,991)</u>	<u>2,200,143</u>
	150,668
<u>(150,668)</u>	<u>(150,668)</u>
<u>(150,668)</u>	
<u>(159,659)</u>	<u>2,200,143</u>
1,653,541	21,525,268
	(886,216)
(47,293)	(74,120)
<u>\$ 1,446,589</u>	<u>\$ 22,765,075</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Net changes in fund balances - total governmental funds **\$ 1,239,807**

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	\$ 470,570	
Less current year depreciation	<u>(1,762,275)</u>	(1,291,705)

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

Property taxes	65,291	
Intergovernmental	<u>(25,850)</u>	39,441

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	56,844	
Bond principal retirement	<u>955,000</u>	1,011,844

Compensated absence 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.		<u>(18,977)</u>
--	--	-----------------

Change in net assets in governmental activities **\$ 980,410**

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2012

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 976,605
Total assets	<u>\$ 976,605</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 862,538
Due to student groups	114,067
Total liabilities	<u>\$ 976,605</u>

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Santa Cruz Valley Unified School District No. 35 (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 expenditures/expenses.

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 the only 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 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.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 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. 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 and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Property taxes, Unrestricted Federal, State, and County aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as deferred revenue on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. 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 operation except those required to be accounted for in other funds. The General Fund includes the District's Maintenance and Operation Fund as well as the Medicaid Reimbursement, School Plant, Auxiliary Operations, Indirect Costs, Advertisement, and Soft Capital Allocation Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Additionally, the District reports the following fund type:

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 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

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.

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.

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.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

G. Property Tax Calendar

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

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

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

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Inventory

The transportation inventory is valued at cost using the last-in/first out (LIFO) cost method; whereas, all other inventories are valued at cost using the average cost method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

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.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements.

J. Capital Assets

Capital assets which, include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. 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	20 - 50 years
Vehicles, furniture and equipment	5 - 20 years

K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Accrued sick leave is earned by all full-time employees at a rate of one and a quarter days for every month. All full-time classified employees earn vacation at rates depending on length of service; however, accumulated vacation must be taken within 12 months after it is earned or it will be forfeited. Upon termination, employees in good standing are eligible to be paid for all accumulated sick leave at the rate of \$55 per day or the first step on the classified salary schedule.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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.

L. Long-term Obligations

In the government-wide 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 reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

N. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

	General Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 33,834	\$	\$	\$ 16,752
Prepays	137,567			
Restricted:				
Debt service		584,595		
Capital projects			4,845,446	409,021
Voter approved initiatives				271,827
Federal and State projects				181,852
Food service				296,297
Civic center activities				20,918
Extracurricular activities				92,732
Donor restricted gifts and donations				92,645
Other purposes				71,208
Unassigned	15,717,044			(6,663)
Total fund balances	\$15,888,445	\$ 584,595	\$ 4,845,446	\$ 1,446,589

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the Joint Technical Education Fund, a non-major governmental fund, reported a deficit of \$6,663 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2012-13 are expected to eliminate the deficit.

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.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the District to invest public monies in the State Treasurer’s local government investment pools, the County Treasurer’s investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District’s investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$402,084, and the bank balance was \$408,021.

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>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	Less than one year	\$19,027,167

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 Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk – Investments. The District’s investment in the County Treasurer’s investment pool 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.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District’s individual major funds and non-major governmental funds in the aggregate, were as follows.

	<u>General Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:			
Due from State government	\$5,022,775	\$ 69,254	\$ 227,063
Due from Federal government	8,600		411,124
Due from other districts			37,141
Net due from governmental entities	<u>\$5,031,375</u>	<u>\$ 69,254</u>	<u>\$ 675,328</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 1,288,886	\$
Delinquent property taxes receivable (Debt Service Fund)	204,223	
Delinquent property taxes receivable (Unrestricted Capital Outlay Fund)	226,591	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		197,239
Measurable but unavailable revenues (Non-Major governmental funds)	<u>47,407</u>	
Total deferred revenue for governmental funds	<u>\$ 1,767,107</u>	<u>\$ 197,239</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,510,150	\$	\$	\$ 4,510,150
Total capital assets, not being depreciated	<u>4,510,150</u>			<u>4,510,150</u>
Capital assets, being depreciated:				
Land improvements	4,332,606			4,332,606
Buildings and improvements	49,165,805	15,006		49,180,811
Vehicles, furniture and equipment	<u>7,370,304</u>	<u>455,564</u>		<u>7,825,868</u>
Total capital assets being depreciated	<u>60,868,715</u>	<u>470,570</u>		<u>61,339,285</u>
Less accumulated depreciation for:				
Land improvements	(900,202)	(211,290)		(1,111,492)
Buildings and improvements	(13,264,996)	(1,074,421)		(14,339,417)
Vehicles, furniture and equipment	<u>(5,132,294)</u>	<u>(476,564)</u>		<u>(5,608,858)</u>
Total accumulated depreciation	<u>(19,297,492)</u>	<u>(1,762,275)</u>		<u>(21,059,767)</u>
Total capital assets, being depreciated, net	41,571,223	(1,291,705)		40,279,518
Governmental activities capital assets, net	<u>\$ 46,081,373</u>	<u>\$ (1,291,705)</u>	\$	<u>\$44,789,668</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$1,246,532
Support services – students and staff	104,190
Support services – administration	61,312
Operation and maintenance of plant services	124,106
Student transportation services	223,381
Operation of non-instructional services	<u>2,754</u>
Total depreciation expense – governmental activities	<u>\$1,762,275</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The District acquired buses, copiers, and an energy lighting system under the provisions of long-term lease agreements classified as capital leases. 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 and General Funds are used to pay the capital lease obligations.

The assets acquired through capital leases that meet the District’s capitalization threshold are as follows.

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 709,089
Less: Accumulated depreciation	274,498
Total	\$ 434,591

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

	Governmental Activities
Year Ending June 30:	
2013	\$ 60,078
2014	62,503
Total minimum lease payments	122,581
Less: amount representing interest	8,145
Present value of minimum lease payments	\$ 114,436
Due within one year	\$ 54,484

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2012</u>	<u>Due Within One Year</u>
Governmental activities:					
School Improvement Bonds, Series 2007 (Class B)	\$ 5,750,000	4.0-4.5%	7/1/12-24	\$ 5,175,000	\$ 305,000
School Improvement Bonds, Series 2008 (Class B)	4,250,000	3.5-4.0%	7/1/12-23	<u>2,800,000</u>	<u>650,000</u>
Total				<u>\$ 7,975,000</u>	<u>\$ 955,000</u>

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows.

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 955,000	\$ 309,014
2014	920,000	271,114
2015	460,000	242,614
2016	480,000	222,788
2017	500,000	202,112
2018-22	2,225,000	580,783
2023-25	<u>2,435,000</u>	<u>188,500</u>
Total	<u>\$ 7,975,000</u>	<u>\$2,016,925</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 8,970,000	\$	\$ 995,000	\$ 7,975,000	\$ 955,000
Obligations under capital leases	171,280		56,844	114,436	54,484
Compensated absences payable	793,662	422,500	403,523	812,639	300,000
Governmental activity long-term liabilities	<u>\$ 9,934,942</u>	<u>\$ 422,500</u>	<u>\$ 1,455,367</u>	<u>\$ 8,902,075</u>	<u>\$ 1,309,484</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds – Interfund borrowing was used to eliminate negative cash of \$163,383 on deposit with the County Treasurer. All interfund balances are expected to be paid within one year.

Interfund transfers:

Transfers out	Transfers in		
	General Fund	Debt Service Fund	Total
Non-Major Governmental Funds	\$ 148,018	\$ 2,650	\$ 150,668
Total	<u>\$ 148,018</u>	<u>\$ 2,650</u>	<u>\$ 150,668</u>

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, although the District expects such amounts, if any, to be immaterial.

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

NOTE 12 – RISK MANAGEMENT

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

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). 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’s employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees’ health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – RISK MANAGEMENT (Concl'd)

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District continues to carry commercial insurance for all other risks of loss, including employee life insurance.

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778. The report is also available on the ASRS' website at www.azasrs.gov.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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 10.74 percent (10.50 percent for retirement and 0.24 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 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 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
Years ended June 30,			
2012	\$ 1,369,579	\$ 87,420	\$ 33,303
2011	1,257,287	82,331	34,886
2010	1,123,566	88,915	53,888

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 494,673	\$ 494,673
Property taxes			8,992,642	8,992,642
State aid and grants			10,417,074	10,417,074
Total revenues			<u>19,904,389</u>	<u>19,904,389</u>
Expenditures:				
Current -				
Instruction	9,418,289	9,899,592	9,214,510	685,082
Support services - students and staff	2,297,956	1,992,846	2,104,954	(112,108)
Support services - administration	1,906,818	1,909,749	1,858,878	50,871
Operation and maintenance of plant services	2,262,766	2,347,994	2,304,832	43,162
Student transportation services	1,477,690	1,593,494	1,621,094	(27,600)
Operation of non-instructional services	36,788	37,693	37,418	275
Total expenditures	<u>17,400,307</u>	<u>17,781,368</u>	<u>17,141,686</u>	<u>639,682</u>
Excess (deficiency) of revenues over expenditures	<u>(17,400,307)</u>	<u>(17,781,368)</u>	<u>2,762,703</u>	<u>20,544,071</u>
Other financing sources (uses):				
Transfers in			17,894	17,894
Total other financing sources (uses):			<u>17,894</u>	<u>17,894</u>
Changes in fund balances	<u>(17,400,307)</u>	<u>(17,781,368)</u>	<u>2,780,597</u>	<u>20,561,965</u>
Fund balances, beginning of year			12,062,380	12,062,380
Increase (decrease) in reserve for prepaid items			(886,216)	(886,216)
Increase (decrease) in reserve for inventory			(26,827)	(26,827)
Fund balances (deficits), end of year	<u>\$ (17,400,307)</u>	<u>\$ (17,781,368)</u>	<u>\$ 13,929,934</u>	<u>\$ 31,711,302</u>

See accompanying notes to this schedule.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America except: 1) a portion of the General Fund activity is budgeted for separately as special revenue and capital projects funds and 2) a portion of the fiscal year 2011-12 insurance payments were budgeted for in fiscal year 2010-11. Consequently, the following adjustments were necessary to present actual expenditures, fund balance at July 1, 2011, and fund balance at June 30, 2012 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balance,</u> <u>June 30, 2012</u>	<u>Fund Balance,</u> <u>July 1, 2011</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 17,844,635	\$ 15,888,445	\$ 14,142,281
Fiscal year 2011-12 activity budgeted as special revenue funds	(456,680)	(684,411)	(757,246)
Fiscal year 2011-12 activity budgeted as capital projects funds	(133,221)	(1,274,100)	(1,209,607)
Fiscal year 2011-12 insurance payments budgeted in 2010-11	<u>(113,048)</u>	<u> </u>	<u>(113,048)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 17,141,686</u>	<u>\$ 13,929,934</u>	<u>\$12,062,380</u>

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

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GOVERNMENTAL FUNDS

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 623,003	\$ 409,021	\$ 1,032,024
Accounts receivable	5,197		5,197
Due from governmental entities	675,328		675,328
Due from other funds	163,383		163,383
Inventory	16,752		16,752
Total assets	<u>\$ 1,483,663</u>	<u>\$ 409,021</u>	<u>\$ 1,892,684</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 38,066	\$	\$ 38,066
Due to other funds	163,383		163,383
Deferred revenues	244,646		244,646
Total liabilities	<u>446,095</u>		<u>446,095</u>
Fund balances (deficits):			
Nonspendable	16,752		16,752
Restricted	1,027,479	409,021	1,436,500
Unassigned	(6,663)		(6,663)
Total fund balances	<u>1,037,568</u>	<u>409,021</u>	<u>1,446,589</u>
 Total liabilities and fund balances	 <u>\$ 1,483,663</u>	 <u>\$ 409,021</u>	 <u>\$ 1,892,684</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 671,276	\$ 3,048	\$ 674,324
Property taxes		1,121	1,121
State aid and grants	1,335,813	73,132	1,408,945
Federal aid, grants and reimbursements	5,929,938		5,929,938
Total revenues	<u>7,937,027</u>	<u>77,301</u>	<u>8,014,328</u>
Expenditures:			
Current -			
Instruction	3,218,990		3,218,990
Support services - students and staff	1,410,249		1,410,249
Support services - administration	87,674		87,674
Operation and maintenance of plant services	392,351		392,351
Student transportation services	87,037		87,037
Operation of non-instructional services	1,619,336		1,619,336
Capital outlay	1,207,349	333	1,207,682
Total expenditures	<u>8,022,986</u>	<u>333</u>	<u>8,023,319</u>
Excess (deficiency) of revenues over expenditures	<u>(85,959)</u>	<u>76,968</u>	<u>(8,991)</u>
Other financing sources (uses):			
Transfers out	(148,018)	(2,650)	(150,668)
Total other financing sources (uses):	<u>(148,018)</u>	<u>(2,650)</u>	<u>(150,668)</u>
Changes in fund balances	<u>(233,977)</u>	<u>74,318</u>	<u>(159,659)</u>
Fund balances, beginning of year	1,318,838	334,703	1,653,541
Increase (decrease) in reserve for inventory	(47,293)		(47,293)
Fund balances, end of year	<u>\$ 1,037,568</u>	<u>\$ 409,021</u>	<u>\$ 1,446,589</u>

SPECIAL REVENUE FUNDS

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.

Title I Grants - to account 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.

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 & Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

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.

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

Erate - to account for financial assistance received for broadband internet and telecommunication costs.

Other Federal Projects - to account for financial assistance received for other supplemental federal projects.

State Vocational Education - to account for financial assistance received for the preparation of individuals for employment.

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

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

Environmental Special Plate - to account for the proceeds received from the sale of environmental license plates.

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.

Extracurricular Activities Fees Tax Credit - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

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

Career, Technical 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.

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

SPECIAL REVENUE FUNDS
(Concluded)

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.

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

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

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

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SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<u>ASSETS</u>			
Cash and investments	\$ 58,847	\$	\$ 11,266
Accounts receivable			
Due from governmental entities	150,150	65,126	
Due from other funds			
Inventory			
Total assets	\$ 208,997	\$ 65,126	\$ 11,266
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds		2,296	
Deferred revenues			
Total liabilities	\$	2,296	\$
Fund balances (deficits):			
Nonspendable			
Restricted	208,997	62,830	11,266
Unassigned			
Total fund balances	208,997	62,830	11,266
 Total liabilities and fund balances	 \$ 208,997	 \$ 65,126	 \$ 11,266

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Promote Informed Parent Choice</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>	<u>Vocational Education</u>
\$ 140,830	\$ 4,021	\$ 15,471	\$ 24,432	\$ 3,123	\$
					17,643
<u>\$ 140,830</u>	<u>\$ 4,021</u>	<u>\$ 15,471</u>	<u>\$ 24,432</u>	<u>\$ 3,123</u>	<u>\$ 17,643</u>
\$	\$	\$	\$	\$	\$
140,830	4,021	15,471	24,432	3,123	17,643
<u>140,830</u>	<u>4,021</u>	<u>15,471</u>	<u>24,432</u>	<u>3,123</u>	<u>17,643</u>
<u>\$ 140,830</u>	<u>\$ 4,021</u>	<u>\$ 15,471</u>	<u>\$ 24,432</u>	<u>\$ 3,123</u>	<u>\$ 17,643</u>

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	E-Rate	Other Federal Projects	State Vocational Education
<u>ASSETS</u>			
Cash and investments	\$ 59,991	\$	\$ 5,822
Accounts receivable			
Due from governmental entities		213,254	
Due from other funds			
Inventory			
Total assets	\$ 59,991	\$ 213,254	\$ 5,822
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds		91,393	
Deferred revenues			5,822
Total liabilities	\$	91,393	5,822
Fund balances (deficits):			
Nonspendable			
Restricted	59,991	121,861	
Unassigned			
Total fund balances	59,991	121,861	
Total liabilities and fund balances	\$ 59,991	\$ 213,254	\$ 5,822

<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>
\$	\$ 38,160	\$ 20,918	\$ 6,384	\$ 92,732	\$ 87,448 5,197
11,787	180,227 163,383 16,752				
<u>\$ 11,787</u>	<u>\$ 398,522</u>	<u>\$ 20,918</u>	<u>\$ 6,384</u>	<u>\$ 92,732</u>	<u>\$ 92,645</u>
\$	\$ 38,066	\$	\$	\$	\$
8,247 3,540 <u>11,787</u>	47,407 <u>85,473</u>				
	16,752 296,297	20,918	6,384	92,732	92,645
	<u>313,049</u>	<u>20,918</u>	<u>6,384</u>	<u>92,732</u>	<u>92,645</u>
<u>\$ 11,787</u>	<u>\$ 398,522</u>	<u>\$ 20,918</u>	<u>\$ 6,384</u>	<u>\$ 92,732</u>	<u>\$ 92,645</u>

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Fingerprint	Insurance Proceeds	Textbooks
<u>ASSETS</u>			
Cash and investments	\$ 1,112	\$ 17,705	\$ 7,325
Accounts receivable			
Due from governmental entities			
Due from other funds			
Inventory			
Total assets	\$ 1,112	\$ 17,705	\$ 7,325
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Deferred revenues			
Total liabilities			
Fund balances (deficits):			
Nonspendable			
Restricted	1,112	17,705	7,325
Unassigned			
Total fund balances	1,112	17,705	7,325
Total liabilities and fund balances	\$ 1,112	\$ 17,705	\$ 7,325

<u>Litigation Recovery</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
\$ 14,202	\$ 13,214	\$	\$ 623,003
			5,197
		37,141	675,328
			163,383
			16,752
<u>\$ 14,202</u>	<u>\$ 13,214</u>	<u>\$ 37,141</u>	<u>\$ 1,483,663</u>
\$	\$	\$	\$ 38,066
		43,804	163,383
			244,646
		43,804	446,095
			16,752
14,202	13,214		1,027,479
		(6,663)	(6,663)
<u>14,202</u>	<u>13,214</u>	<u>(6,663)</u>	<u>1,037,568</u>
<u>\$ 14,202</u>	<u>\$ 13,214</u>	<u>\$ 37,141</u>	<u>\$ 1,483,663</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$	\$ 429	\$ 58
State aid and grants	1,000,380	140,816	
Federal aid, grants and reimbursements			
Total revenues	1,000,380	141,245	58
Expenditures:			
Current -			
Instruction	748,048	225,220	
Support services - students and staff	67,180		
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	815,228	225,220	
Excess (deficiency) of revenues over expenditures	185,152	(83,975)	58
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	185,152	(83,975)	58
Fund balances, beginning of year	23,845	146,805	11,208
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 208,997	\$ 62,830	\$ 11,266

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Promote Informed Parent Choice</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>	<u>Vocational Education</u>
\$	\$	\$	\$	\$	\$
769,454	125,899	89,600	224,965	515,785	125,506
<u>769,454</u>	<u>125,899</u>	<u>89,600</u>	<u>224,965</u>	<u>515,785</u>	<u>125,506</u>
445,490		71,406	24,458	416,020	80,636
273,089	116,768	14,279	124,804	84,108	17,360
8,014	6,383		3,585	2,165	
9,638					
271			68,520		26,518
<u>736,502</u>	<u>123,151</u>	<u>85,685</u>	<u>221,367</u>	<u>502,293</u>	<u>124,514</u>
<u>32,952</u>	<u>2,748</u>	<u>3,915</u>	<u>3,598</u>	<u>13,492</u>	<u>992</u>
<u>(32,952)</u>	<u>(2,748)</u>	<u>(3,915)</u>	<u>(3,598)</u>	<u>(13,492)</u>	<u>(992)</u>
<u>(32,952)</u>	<u>(2,748)</u>	<u>(3,915)</u>	<u>(3,598)</u>	<u>(13,492)</u>	<u>(992)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	E-Rate	Other Federal Projects	State Vocational Education
Revenues:			
Other local	\$ 401	\$	\$
State aid and grants			59,144
Federal aid, grants and reimbursements	958,915	1,707,210	
Total revenues	959,316	1,707,210	59,144
Expenditures:			
Current -			
Instruction		964,473	35,272
Support services - students and staff	36,500	506,583	20,887
Support services - administration		41,686	
Operation and maintenance of plant services	123,284	77,589	
Student transportation services		54,157	
Operation of non-instructional services			
Capital outlay	874,786	53,481	2,985
Total expenditures	1,034,570	1,697,969	59,144
Excess (deficiency) of revenues over expenditures	(75,254)	9,241	
Other financing sources (uses):			
Transfers out		(57,277)	
Total other financing sources (uses):		(57,277)	
Changes in fund balances	(75,254)	(48,036)	
Fund balances, beginning of year	135,245	169,897	
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 59,991	\$ 121,861	\$

Other State Projects	Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Gifts and Donations
\$ 135,473	\$ 233,029	\$ 16,611	\$	\$ 55,464	\$ 129,523
<u>135,473</u>	<u>1,412,604</u>	<u>16,611</u>	<u></u>	<u>55,464</u>	<u>129,523</u>
	<u>1,645,633</u>				
117,579		132		14,565	27,977
				1,058	2,216
		145,036			22,159
				23,242	735
	1,619,336				
	40,492	8,711		8,895	84,203
<u>117,579</u>	<u>1,659,828</u>	<u>153,879</u>	<u></u>	<u>47,760</u>	<u>137,290</u>
<u>17,894</u>	<u>(14,195)</u>	<u>(137,268)</u>	<u></u>	<u>7,704</u>	<u>(7,767)</u>
<u>(17,894)</u>	<u>(15,150)</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>(17,894)</u>	<u>(15,150)</u>	<u></u>	<u></u>	<u></u>	<u></u>
	<u>(29,345)</u>	<u>(137,268)</u>	<u></u>	<u>7,704</u>	<u>(7,767)</u>
	389,687	158,186	6,384	85,028	100,412
	(47,293)				
<u>\$</u>	<u>\$ 313,049</u>	<u>\$ 20,918</u>	<u>\$ 6,384</u>	<u>\$ 92,732</u>	<u>\$ 92,645</u>

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Fingerprint</u>	<u>Insurance Proceeds</u>	<u>Textbooks</u>
Revenues:			
Other local	\$ 4,186	\$ 11,091	\$ 1,334
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>4,186</u>	<u>11,091</u>	<u>1,334</u>
Expenditures:			
Current -			
Instruction			2,426
Support services - students and staff			842
Support services - administration	3,682		
Operation and maintenance of plant services		12,669	
Student transportation services			
Operation of non-instructional services			
Capital outlay		3,324	
Total expenditures	<u>3,682</u>	<u>15,993</u>	<u>3,268</u>
Excess (deficiency) of revenues over expenditures	<u>504</u>	<u>(4,902)</u>	<u>(1,934)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>504</u>	<u>(4,902)</u>	<u>(1,934)</u>
Fund balances, beginning of year	608	22,607	9,259
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ 1,112</u>	<u>\$ 17,705</u>	<u>\$ 7,325</u>

<u>Litigation Recovery</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
\$ 133	\$ 2,340	\$ 216,677	\$ 671,276
			1,335,813
			5,929,938
<u>133</u>	<u>2,340</u>	<u>216,677</u>	<u>7,937,027</u>
3,749		159,118	3,218,990
9,408	2,002	15,586	1,410,249
		33,038	87,674
			392,351
			87,037
			1,619,336
<u>17,213</u>		<u>17,950</u>	<u>1,207,349</u>
<u>30,370</u>	<u>2,002</u>	<u>225,692</u>	<u>8,022,986</u>
<u>(30,237)</u>	<u>338</u>	<u>(9,015)</u>	<u>(85,959)</u>
			<u>(148,018)</u>
			<u>(148,018)</u>
<u>(30,237)</u>	<u>338</u>	<u>(9,015)</u>	<u>(233,977)</u>
44,439	12,876	2,352	1,318,838
			(47,293)
<u>\$ 14,202</u>	<u>\$ 13,214</u>	<u>\$ (6,663)</u>	<u>\$ 1,037,568</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Classroom Site		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		1,000,380	1,000,380
Federal aid, grants and reimbursements			
Total revenues		<u>1,000,380</u>	<u>1,000,380</u>
Expenditures:			
Current -			
Instruction	885,715	740,300	145,415
Support services - students and staff	25,000	67,180	(42,180)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>910,715</u>	<u>807,480</u>	<u>103,235</u>
Excess (deficiency) of revenues over expenditures	<u>(910,715)</u>	<u>192,900</u>	<u>1,103,615</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(910,715)</u>	<u>192,900</u>	<u>1,103,615</u>
Fund balances (deficits), beginning of year		16,097	16,097
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (910,715)</u>	<u>\$ 208,997</u>	<u>\$ 1,119,712</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 429 140,816	\$ 429 140,816	\$	\$ 58	\$ 58
	<u>141,245</u>	<u>141,245</u>		<u>58</u>	<u>58</u>
391,000	209,725	181,275			
<u>391,000</u>	<u>209,725</u>	<u>181,275</u>			
<u>(391,000)</u>	<u>(68,480)</u>	<u>322,520</u>		<u>58</u>	<u>58</u>
<u>(391,000)</u>	<u>(68,480)</u>	<u>322,520</u>		<u>58</u>	<u>58</u>
	131,310	131,310		11,208	11,208
<u>\$ (391,000)</u>	<u>\$ 62,830</u>	<u>\$ 453,830</u>	<u>\$</u>	<u>\$ 11,266</u>	<u>\$ 11,266</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		769,454	769,454
Total revenues		<u>769,454</u>	<u>769,454</u>
Expenditures:			
Current -			
Instruction	1,160,898	445,490	715,408
Support services - students and staff		273,089	(273,089)
Support services - administration		8,014	(8,014)
Operation and maintenance of plant services			
Student transportation services		9,638	(9,638)
Operation of non-instructional services			
Capital outlay		271	(271)
Total expenditures	<u>1,160,898</u>	<u>736,502</u>	<u>424,396</u>
Excess (deficiency) of revenues over expenditures	<u>(1,160,898)</u>	<u>32,952</u>	<u>1,193,850</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(32,952)	(32,952)
Total other financing sources (uses):		<u>(32,952)</u>	<u>(32,952)</u>
Changes in fund balances	<u>(1,160,898)</u>		<u>1,160,898</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,160,898)</u>	<u>\$</u>	<u>\$ 1,160,898</u>

Professional Development and Technology Grants			Title IV Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	125,899	125,899			
	125,899	125,899			
159,206	116,768 6,383	42,438 (6,383)	18,600		18,600
159,206	123,151	36,055	18,600		18,600
(159,206)	2,748	161,954	(18,600)		18,600
	(2,748)	(2,748)			
	(2,748)	(2,748)			
(159,206)		159,206	(18,600)		18,600
\$ (159,206)	\$	\$ 159,206	\$ (18,600)	\$	\$ 18,600

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Promote Informed Parent Choice		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		89,600	89,600
Total revenues		<u>89,600</u>	<u>89,600</u>
Expenditures:			
Current -			
Instruction		71,406	(71,406)
Support services - students and staff	90,252	14,279	75,973
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>90,252</u>	<u>85,685</u>	<u>4,567</u>
Excess (deficiency) of revenues over expenditures	<u>(90,252)</u>	<u>3,915</u>	<u>94,167</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(3,915)	(3,915)
Total other financing sources (uses):		<u>(3,915)</u>	<u>(3,915)</u>
Changes in fund balances	<u>(90,252)</u>		<u>90,252</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (90,252)</u>	<u>\$</u>	<u>\$ 90,252</u>

Limited English & Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	224,965	224,965		515,785	515,785
	224,965	224,965		515,785	515,785
342,225	24,458	(24,458)	518,660	416,020	102,640
	124,804	217,421		84,108	(84,108)
	3,585	(3,585)		2,165	(2,165)
	68,520	(68,520)			
342,225	221,367	120,858	518,660	502,293	16,367
(342,225)	3,598	345,823	(518,660)	13,492	532,152
	(3,598)	(3,598)		(13,492)	(13,492)
	(3,598)	(3,598)		(13,492)	(13,492)
(342,225)		342,225	(518,660)		518,660
\$ (342,225)	\$	\$ 342,225	\$ (518,660)	\$	\$ 518,660

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	21,766		21,766
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	21,766		21,766
Excess (deficiency) of revenues over expenditures	(21,766)		21,766
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(21,766)		21,766
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (21,766)	\$	\$ 21,766

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 923	\$ 923
	125,506	125,506		106,488	106,488
	125,506	125,506		107,411	107,411
133,644	80,636 17,360	53,008 (17,360)	256,637	154,190 59,227 137	102,447 (59,227) (137)
	26,518	(26,518)		10,082	(10,082)
133,644	124,514	9,130	256,637	223,636	33,001
(133,644)	992	134,636	(256,637)	(116,225)	140,412
	(992)	(992)			
	(992)	(992)			
(133,644)		133,644	(256,637)	(116,225)	140,412
				186,394	186,394
\$ (133,644)	\$	\$ 133,644	\$ (256,637)	\$ 70,169	\$ 326,806

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 401	\$ 401
State aid and grants			
Federal aid, grants and reimbursements		958,915	958,915
Total revenues		<u>959,316</u>	<u>959,316</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff		36,500	(36,500)
Support services - administration			
Operation and maintenance of plant services		123,284	(123,284)
Student transportation services			
Operation of non-instructional services			
Capital outlay	400,000	874,786	(474,786)
Total expenditures	<u>400,000</u>	<u>1,034,570</u>	<u>(634,570)</u>
Excess (deficiency) of revenues over expenditures	<u>(400,000)</u>	<u>(75,254)</u>	<u>324,746</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(400,000)</u>	<u>(75,254)</u>	<u>324,746</u>
Fund balances (deficits), beginning of year		135,245	135,245
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (400,000)</u>	<u>\$ 59,991</u>	<u>\$ 459,991</u>

Other Federal Projects			State Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,707,210	1,707,210		59,144	59,144
	1,707,210	1,707,210		59,144	59,144
2,218,607	964,473	1,254,134	64,960	35,272	29,688
	506,583	(506,583)		20,887	(20,887)
	41,686	(41,686)			
	77,589	(77,589)			
	54,157	(54,157)			
	53,481	(53,481)		2,985	(2,985)
2,218,607	1,697,969	520,638	64,960	59,144	5,816
(2,218,607)	9,241	2,227,848	(64,960)		64,960
	(57,277)	(57,277)			
	(57,277)	(57,277)			
(2,218,607)	(48,036)	2,170,571	(64,960)		64,960
	169,897	169,897			
\$ (2,218,607)	\$ 121,861	\$ 2,340,468	\$ (64,960)	\$	\$ 64,960

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Chemical Abuse Prevention Programs		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	2,046		2,046
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	2,046		2,046
Excess (deficiency) of revenues over expenditures	(2,046)		2,046
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(2,046)		2,046
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (2,046)	\$	\$ 2,046

Gifted			Environmental Special Plate		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
838		838	5,000		5,000
<u>838</u>		<u>838</u>	<u>5,000</u>		<u>5,000</u>
<u>(838)</u>		<u>838</u>	<u>(5,000)</u>		<u>5,000</u>
<u>(838)</u>		<u>838</u>	<u>(5,000)</u>		<u>5,000</u>
<u>\$ (838)</u>	<u>\$</u>	<u>\$ 838</u>	<u>\$ (5,000)</u>	<u>\$</u>	<u>\$ 5,000</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		135,473	135,473
Federal aid, grants and reimbursements			
Total revenues		<u>135,473</u>	<u>135,473</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	140,062	117,579	22,483
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>140,062</u>	<u>117,579</u>	<u>22,483</u>
Excess (deficiency) of revenues over expenditures	<u>(140,062)</u>	<u>17,894</u>	<u>157,956</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(17,894)	(17,894)
Total other financing sources (uses):		<u>(17,894)</u>	<u>(17,894)</u>
Changes in fund balances	<u>(140,062)</u>		<u>140,062</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (140,062)</u>	<u>\$</u>	<u>\$ 140,062</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,877	\$ 1,877	\$	\$ 233,029	\$ 233,029
				1,412,604	1,412,604
	<u>1,877</u>	<u>1,877</u>		<u>1,645,633</u>	<u>1,645,633</u>
			1,890,000	1,619,336	270,664
435,000	1,576	433,424		40,492	(40,492)
<u>435,000</u>	<u>1,576</u>	<u>433,424</u>	<u>1,890,000</u>	<u>1,659,828</u>	<u>230,172</u>
(435,000)	301	435,301	(1,890,000)	(14,195)	1,875,805
				(15,150)	(15,150)
				<u>(15,150)</u>	<u>(15,150)</u>
(435,000)	301	435,301	(1,890,000)	(29,345)	1,860,655
	367,991	367,991		389,687	389,687
				(47,293)	(47,293)
<u>\$ (435,000)</u>	<u>\$ 368,292</u>	<u>\$ 803,292</u>	<u>\$ (1,890,000)</u>	<u>\$ 313,049</u>	<u>\$ 2,203,049</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 16,611	\$ 16,611
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>16,611</u>	<u>16,611</u>
Expenditures:			
Current -			
Instruction		132	(132)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	155,000	145,036	9,964
Student transportation services			
Operation of non-instructional services			
Capital outlay		8,711	(8,711)
Total expenditures	<u>155,000</u>	<u>153,879</u>	<u>1,121</u>
Excess (deficiency) of revenues over expenditures	<u>(155,000)</u>	<u>(137,268)</u>	<u>17,732</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(155,000)</u>	<u>(137,268)</u>	<u>17,732</u>
Fund balances (deficits), beginning of year		158,186	158,186
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (155,000)</u>	<u>\$ 20,918</u>	<u>\$ 175,918</u>

Community School			Auxiliary Operations		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$	\$	\$ 143,266	\$ 143,266
				143,266	143,266
10,000		10,000	11,800	123,818	(112,018)
<u>10,000</u>		<u>10,000</u>	<u>11,800</u>	<u>718</u> <u>124,536</u>	<u>(718)</u> <u>(112,736)</u>
<u>(10,000)</u>		<u>10,000</u>	<u>(11,800)</u>	<u>18,730</u>	<u>30,530</u>
<u>(10,000)</u>		<u>10,000</u>	<u>(11,800)</u>	<u>18,730</u>	<u>30,530</u>
	6,384	6,384		30,232	30,232
<u>\$ (10,000)</u>	<u>\$ 6,384</u>	<u>\$ 16,384</u>	<u>\$ (11,800)</u>	<u>\$ 48,962</u>	<u>\$ 60,762</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 55,464	\$ 55,464
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		55,464	55,464
Expenditures:			
Current -			
Instruction		14,565	(14,565)
Support services - students and staff		1,058	(1,058)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	118,533	23,242	95,291
Operation of non-instructional services			
Capital outlay		8,895	(8,895)
Total expenditures	118,533	47,760	70,773
Excess (deficiency) of revenues over expenditures	(118,533)	7,704	126,237
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(118,533)	7,704	126,237
Fund balances (deficits), beginning of year		85,028	85,028
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (118,533)	\$ 92,732	\$ 211,265

Gifts and Donations			Career, Technical and Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 129,523	\$ 129,523	\$	\$	\$
	<u>129,523</u>	<u>129,523</u>			
177,632	27,977	149,655	25,000		25,000
	2,216	(2,216)			
	22,159	(22,159)			
	735	(735)			
	84,203	(84,203)			
<u>177,632</u>	<u>137,290</u>	<u>40,342</u>	<u>25,000</u>		<u>25,000</u>
<u>(177,632)</u>	<u>(7,767)</u>	<u>169,865</u>	<u>(25,000)</u>		<u>25,000</u>
<u>(177,632)</u>	<u>(7,767)</u>	<u>169,865</u>	<u>(25,000)</u>		<u>25,000</u>
	100,412	100,412			
<u>\$ (177,632)</u>	<u>\$ 92,645</u>	<u>\$ 270,277</u>	<u>\$ (25,000)</u>	<u>\$</u>	<u>\$ 25,000</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 4,186	\$ 4,186
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>4,186</u>	<u>4,186</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	3,000	3,682	(682)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>3,000</u>	<u>3,682</u>	<u>(682)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,000)</u>	<u>504</u>	<u>3,504</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(3,000)</u>	<u>504</u>	<u>3,504</u>
Fund balances (deficits), beginning of year		608	608
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (3,000)</u>	<u>\$ 1,112</u>	<u>\$ 4,112</u>

Insurance Proceeds			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 11,091	\$ 11,091	\$	\$ 1,334	\$ 1,334
	<u>11,091</u>	<u>11,091</u>		<u>1,334</u>	<u>1,334</u>
			5,531	2,426	3,105
				842	(842)
30,000	12,669	17,331			
	3,324	(3,324)			
<u>30,000</u>	<u>15,993</u>	<u>14,007</u>	<u>5,531</u>	<u>3,268</u>	<u>2,263</u>
<u>(30,000)</u>	<u>(4,902)</u>	<u>25,098</u>	<u>(5,531)</u>	<u>(1,934)</u>	<u>3,597</u>
<u>(30,000)</u>	<u>(4,902)</u>	<u>25,098</u>	<u>(5,531)</u>	<u>(1,934)</u>	<u>3,597</u>
	22,607	22,607		9,259	9,259
<u>\$ (30,000)</u>	<u>\$ 17,705</u>	<u>\$ 47,705</u>	<u>\$ (5,531)</u>	<u>\$ 7,325</u>	<u>\$ 12,856</u>

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Litigation Recovery		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 133	\$ 133
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u> 133</u>	<u> 133</u>
Expenditures:			
Current -			
Instruction		3,749	(3,749)
Support services - students and staff		9,408	(9,408)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	44,439	17,213	27,226
Total expenditures	<u> 44,439</u>	<u> 30,370</u>	<u> 14,069</u>
Excess (deficiency) of revenues over expenditures	<u> (44,439)</u>	<u> (30,237)</u>	<u> 14,202</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u> (44,439)</u>	<u> (30,237)</u>	<u> 14,202</u>
Fund balances (deficits), beginning of year		44,439	44,439
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u> \$ (44,439)</u>	<u> \$ 14,202</u>	<u> \$ 58,641</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 2,340	\$ 2,340
				2,340	2,340
220,000	408 102,047 215	(408) 117,953 (215)	17,100	2,002	15,098
<u>220,000</u>	<u>736</u> <u>103,406</u>	<u>(736)</u> <u>116,594</u>	<u>17,100</u>	<u>2,002</u>	<u>15,098</u>
<u>(220,000)</u>	<u>(103,406)</u>	<u>116,594</u>	<u>(17,100)</u>	<u>338</u>	<u>17,438</u>
	130,124	130,124			
	<u>130,124</u>	<u>130,124</u>			
<u>(220,000)</u>	<u>26,718</u>	<u>246,718</u>	<u>(17,100)</u>	<u>338</u>	<u>17,438</u>
	159,098	159,098		12,876	12,876
<u>\$ (220,000)</u>	<u>\$ 185,816</u>	<u>\$ 405,816</u>	<u>\$ (17,100)</u>	<u>\$ 13,214</u>	<u>\$ 30,314</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Advertisement		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 1,167	\$ 1,167
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>1,167</u>	<u>1,167</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	13,600	2,947	10,653
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		579	(579)
Total expenditures	<u>13,600</u>	<u>3,526</u>	<u>10,074</u>
Excess (deficiency) of revenues over expenditures	<u>(13,600)</u>	<u>(2,359)</u>	<u>11,241</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(13,600)</u>	<u>(2,359)</u>	<u>11,241</u>
Fund balances (deficits), beginning of year		13,531	13,531
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (13,600)</u>	<u>\$ 11,172</u>	<u>\$ 24,772</u>

Joint Technical Education			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 216,677	\$ 216,677	\$	\$ 818,509	\$ 818,509
				1,335,813	1,335,813
				6,036,426	6,036,426
	<u>216,677</u>	<u>216,677</u>		<u>8,190,748</u>	<u>8,190,748</u>
227,870	153,269	74,601	6,136,204	3,467,906	2,668,298
	15,586	(15,586)	773,845	1,469,884	(696,039)
	28,854	(28,854)	236,600	192,805	43,795
			185,000	388,382	(203,382)
			118,533	87,037	31,496
	17,950	(17,950)	1,890,000	1,619,336	270,664
<u>227,870</u>	<u>215,659</u>	<u>12,211</u>	<u>879,439</u>	<u>1,221,040</u>	<u>(341,601)</u>
<u>(227,870)</u>	<u>1,018</u>	<u>228,888</u>	<u>10,219,621</u>	<u>8,446,390</u>	<u>1,773,231</u>
				130,124	130,124
				(148,018)	(148,018)
				(17,894)	(17,894)
<u>(227,870)</u>	<u>1,018</u>	<u>228,888</u>	<u>(10,219,621)</u>	<u>(273,536)</u>	<u>9,946,085</u>
	(7,681)	(7,681)		2,042,808	2,042,808
				(47,293)	(47,293)
<u>\$ (227,870)</u>	<u>\$ (6,663)</u>	<u>\$ 221,207</u>	<u>\$ (10,219,621)</u>	<u>\$ 1,721,979</u>	<u>\$ 11,941,600</u>

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DEBT SERVICE FUND

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 17,482	\$ 17,482
Property taxes		73,808	73,808
Total revenues		<u>91,290</u>	<u>91,290</u>
Expenditures:			
Debt service -			
Principal retirement	2,500,000	955,000	1,545,000
Interest and fiscal charges		328,713	(328,713)
Total expenditures	<u>2,500,000</u>	<u>1,283,713</u>	<u>1,216,287</u>
Excess (deficiency) of revenues over expenditures	<u>(2,500,000)</u>	<u>(1,192,423)</u>	<u>1,307,577</u>
Other financing sources (uses):			
Transfers in		2,650	2,650
Total other financing sources (uses):		<u>2,650</u>	<u>2,650</u>
Changes in fund balances	<u>(2,500,000)</u>	<u>(1,189,773)</u>	<u>1,310,227</u>
Fund balances, beginning of year		1,774,368	1,774,368
Fund balances (deficits), end of year	<u>\$ (2,500,000)</u>	<u>\$ 584,595</u>	<u>\$ 3,084,595</u>

CAPITAL PROJECTS FUNDS

Adjacent Ways - to account for monies received to finance improvements of public ways adjacent to school property.

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

Bond Building - to account for proceeds from District bond issues that are expended on the acquisition or lease of sites, construction or renovation of school buildings, improving school grounds, or purchasing pupil transportation vehicles.

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.

New School Facilities - to account for monies received from the School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Building Renewal</u>
<u>ASSETS</u>			
Cash and investments	\$ 77,523	\$ 330,820	\$ 456
Total assets	<u>\$ 77,523</u>	<u>\$ 330,820</u>	<u>\$ 456</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Fund balances:			
Restricted	\$ 77,523	\$ 330,820	\$ 456
Total fund balances	<u>77,523</u>	<u>330,820</u>	<u>456</u>
 Total liabilities and fund balances	 <u>\$ 77,523</u>	 <u>\$ 330,820</u>	 <u>\$ 456</u>

<u>New School Facilities</u>	<u>Totals</u>
\$ 222	\$ 409,021
<u>\$ 222</u>	<u>\$ 409,021</u>

<u>\$ 222</u>	<u>\$ 409,021</u>
222	409,021

<u>\$ 222</u>	<u>\$ 409,021</u>
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SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Building Renewal</u>
Revenues:			
Other local	\$ 398	\$ 2,650	\$
Property taxes	1,121		
State aid and grants			73,132
Total revenues	<u>1,519</u>	<u>2,650</u>	<u>73,132</u>
Expenditures:			
Capital outlay			65
Total expenditures			<u>65</u>
Excess (deficiency) of revenues over expenditures	<u>1,519</u>	<u>2,650</u>	<u>73,067</u>
Other financing sources (uses):			
Transfers out		(2,650)	
Total other financing sources (uses):		<u>(2,650)</u>	
Changes in fund balances	<u>1,519</u>		<u>73,067</u>
Fund balances (deficits), beginning of year	76,004	330,820	(72,611)
Fund balances, end of year	<u>\$ 77,523</u>	<u>\$ 330,820</u>	<u>\$ 456</u>

New School Facilities	Totals
\$	\$ 3,048
	1,121
	73,132
	<u>77,301</u>
<u>268</u>	<u>333</u>
<u>268</u>	<u>333</u>
<u>(268)</u>	<u>76,968</u>
	<u>(2,650)</u>
	<u>(2,650)</u>
<u>(268)</u>	<u>74,318</u>
490	334,703
<u>\$ 222</u>	<u>\$ 409,021</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	Unrestricted Capital Outlay		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 44,366	\$ 44,366
Property taxes		1,263,285	1,263,285
State aid and grants		218,935	218,935
Total revenues		<u>1,526,586</u>	<u>1,526,586</u>
Expenditures:			
Current -			
Instruction			
Capital outlay	2,802,388	580,670	2,221,718
Debt service -			
Principal retirement	49,000	48,072	928
Interest and fiscal charges	7,500	7,476	24
Total expenditures	<u>2,858,888</u>	<u>636,218</u>	<u>2,222,670</u>
Excess (deficiency) of revenues over expenditures	<u>(2,858,888)</u>	<u>890,368</u>	<u>3,749,256</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,858,888)</u>	<u>890,368</u>	<u>3,749,256</u>
Fund balances (deficits), beginning of year		3,955,078	3,955,078
Fund balances (deficits), end of year	<u>\$ (2,858,888)</u>	<u>\$ 4,845,446</u>	<u>\$ 7,704,334</u>

Adjacent Ways			Soft Capital Allocation		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 398	\$ 398	\$	\$ 25,796	\$ 25,796
	1,121	1,121		27,953	27,953
				143,965	143,965
	<u>1,519</u>	<u>1,519</u>		<u>197,714</u>	<u>197,714</u>
80,000		80,000	178,376	115,733	(115,733)
				7,259	171,117
			9,000	8,772	228
			1,500	1,457	43
<u>80,000</u>		<u>80,000</u>	<u>188,876</u>	<u>133,221</u>	<u>55,655</u>
<u>(80,000)</u>	<u>1,519</u>	<u>81,519</u>	<u>(188,876)</u>	<u>64,493</u>	<u>253,369</u>
<u>(80,000)</u>	<u>1,519</u>	<u>81,519</u>	<u>(188,876)</u>	<u>64,493</u>	<u>253,369</u>
	76,004	76,004		1,209,607	1,209,607
<u>\$ (80,000)</u>	<u>\$ 77,523</u>	<u>\$ 157,523</u>	<u>\$ (188,876)</u>	<u>\$ 1,274,100</u>	<u>\$ 1,462,976</u>

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 2,650	\$ 2,650
Property taxes			
State aid and grants			
Total revenues		<u>2,650</u>	<u>2,650</u>
Expenditures:			
Current -			
Instruction			
Capital outlay	500,000		500,000
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>500,000</u>		<u>500,000</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>2,650</u>	<u>502,650</u>
Other financing sources (uses):			
Transfers out		(2,650)	(2,650)
Total other financing sources (uses):		<u>(2,650)</u>	<u>(2,650)</u>
Changes in fund balances	<u>(500,000)</u>		<u>500,000</u>
Fund balances (deficits), beginning of year		330,820	330,820
Fund balances (deficits), end of year	<u>\$ (500,000)</u>	<u>\$ 330,820</u>	<u>\$ 830,820</u>

Building Renewal			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	73,132	73,132			
	73,132	73,132			
184,000	65	183,935	184,000		184,000
184,000	65	183,935	184,000		184,000
(184,000)	73,067	257,067	(184,000)		184,000
(184,000)	73,067	257,067	(184,000)		184,000
	(72,611)	(72,611)			
\$ (184,000)	\$ 456	\$ 184,456	\$ (184,000)	\$	\$ 184,000

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	New School Facilities		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
Total revenues			
Expenditures:			
Current -			
Instruction			
Capital outlay	1,000	268	732
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	1,000	268	732
Excess (deficiency) of revenues over expenditures	(1,000)	(268)	732
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(1,000)	(268)	732
Fund balances (deficits), beginning of year		490	490
Fund balances (deficits), end of year	\$ (1,000)	\$ 222	\$ 1,222

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 73,210	\$ 73,210
	1,292,359	1,292,359
	436,032	436,032
	<u>1,801,601</u>	<u>1,801,601</u>
	115,733	(115,733)
3,929,764	588,262	3,341,502
58,000	56,844	1,156
9,000	8,933	67
<u>3,996,764</u>	<u>769,772</u>	<u>3,226,992</u>
<u>(3,996,764)</u>	<u>1,031,829</u>	<u>5,028,593</u>
	(2,650)	(2,650)
	<u>(2,650)</u>	<u>(2,650)</u>
<u>(3,996,764)</u>	<u>1,029,179</u>	<u>5,025,943</u>
	5,499,388	5,499,388
<u>\$ (3,996,764)</u>	<u>\$ 6,528,567</u>	<u>\$ 10,525,331</u>

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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 voluntary deductions temporarily held by the District as an agent.

State Retirement Clearing - to account for payroll deductions to be remitted to the Arizona State Retirement System temporarily held by the District as an agent.

Federal Withholding - to account for payroll deductions to be remitted to the Federal government temporarily held by the District as an agent.

Direct Deposit - to account for employee payroll checks temporarily held by the District as an agent.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

	Student Activities	Employee Insurance	State Retirement Clearing
<u>ASSETS</u>			
Cash and investments	\$ 114,067	\$ 623,483	\$ 239,055
Total assets	\$ 114,067	\$ 623,483	\$ 239,055
<u>LIABILITIES</u>			
Deposits held for others	\$ 114,067	\$ 623,483	\$ 239,055
Due to student groups	114,067		
Total liabilities	\$ 114,067	\$ 623,483	\$ 239,055

Totals

\$	976,605
\$	976,605

\$	862,538
	114,067
\$	976,605

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>119,072</u>	\$ <u>295,163</u>	\$ <u>300,168</u>	\$ <u>114,067</u>
Total assets	\$ <u><u>119,072</u></u>	\$ <u><u>295,163</u></u>	\$ <u><u>300,168</u></u>	\$ <u><u>114,067</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>119,072</u>	\$ <u>295,163</u>	\$ <u>300,168</u>	\$ <u>114,067</u>
Total liabilities	\$ <u><u>119,072</u></u>	\$ <u><u>295,163</u></u>	\$ <u><u>300,168</u></u>	\$ <u><u>114,067</u></u>
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>338,024</u>	\$ <u>625,742</u>	\$ <u>340,283</u>	\$ <u>623,483</u>
Total assets	\$ <u><u>338,024</u></u>	\$ <u><u>625,742</u></u>	\$ <u><u>340,283</u></u>	\$ <u><u>623,483</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>338,024</u>	\$ <u>625,742</u>	\$ <u>340,283</u>	\$ <u>623,483</u>
Total liabilities	\$ <u><u>338,024</u></u>	\$ <u><u>625,742</u></u>	\$ <u><u>340,283</u></u>	\$ <u><u>623,483</u></u>
<u>STATE RETIREMENT CLEARING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>9</u>	\$ <u>3,222,946</u>	\$ <u>2,983,900</u>	\$ <u>239,055</u>
Total assets	\$ <u><u>9</u></u>	\$ <u><u>3,222,946</u></u>	\$ <u><u>2,983,900</u></u>	\$ <u><u>239,055</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>9</u>	\$ <u>3,222,946</u>	\$ <u>2,983,900</u>	\$ <u>239,055</u>
Total liabilities	\$ <u><u>9</u></u>	\$ <u><u>3,222,946</u></u>	\$ <u><u>2,983,900</u></u>	\$ <u><u>239,055</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>FEDERAL WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ _____	\$ <u>2,985,469</u>	\$ <u>2,985,469</u>	\$ _____
Total assets	\$ _____	\$ <u>2,985,469</u>	\$ <u>2,985,469</u>	\$ _____
<u>Liabilities</u>				
Deposits held for others	\$ _____	\$ <u>2,985,469</u>	\$ <u>2,985,469</u>	\$ _____
Total liabilities	\$ _____	\$ <u>2,985,469</u>	\$ <u>2,985,469</u>	\$ _____
<u>DIRECT DEPOSIT FUND</u>				
<u>Assets</u>				
Cash and investments	\$ _____	\$ <u>15,814,603</u>	\$ <u>15,814,603</u>	\$ _____
Total assets	\$ _____	\$ <u>15,814,603</u>	\$ <u>15,814,603</u>	\$ _____
<u>Liabilities</u>				
Deposits held for others	\$ _____	\$ <u>15,814,603</u>	\$ <u>15,814,603</u>	\$ _____
Total liabilities	\$ _____	\$ <u>15,814,603</u>	\$ <u>15,814,603</u>	\$ _____
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ <u>457,105</u>	\$ <u>22,943,923</u>	\$ <u>22,424,423</u>	\$ <u>976,605</u>
Total assets	\$ _____	\$ _____	\$ _____	\$ _____
<u>Liabilities</u>				
Deposits held for others	\$ 338,033	\$ 22,648,760	\$ 22,124,255	\$ 862,538
Due to student groups	<u>119,072</u>	<u>295,163</u>	<u>300,168</u>	<u>114,067</u>
Total liabilities	\$ _____	\$ _____	\$ _____	\$ _____

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

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SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 37,031,052	\$ 37,270,913	\$ 37,108,301	\$ 37,630,822	\$ 33,928,318
Restricted	7,068,760	7,417,337	6,437,540	5,475,472	4,446,463
Unrestricted	17,274,963	15,706,115	12,007,266	6,611,411	7,435,758
Total net assets	\$ 61,374,775	\$ 60,394,365	\$ 55,553,107	\$ 49,717,705	\$ 45,810,539
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 29,627,047	\$ 28,409,474	\$ 27,259,652	\$ 24,668,581	\$ 15,261,406
Restricted	3,006,021	1,914,843	2,311,798	1,928,205	3,112,424
Unrestricted	7,529,517	7,306,402	5,506,837	6,056,693	6,426,038
Total net assets	\$ 40,162,585	\$ 37,630,719	\$ 35,078,287	\$ 32,653,479	\$ 24,799,868

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	2012	2011	2010	2009	2008
Expenses					
Instruction	\$ 15,599,674	\$ 13,732,409	\$ 14,118,196	\$ 14,970,015	\$ 16,270,680
Support services - students and staff	3,944,557	3,501,100	3,345,893	3,479,221	3,126,917
Support services - administration	2,344,181	1,970,869	2,107,260	2,197,992	2,587,306
Operation and maintenance of plant services	2,948,557	2,607,645	2,509,099	2,723,738	2,659,926
Student transportation services	2,135,651	1,858,397	1,958,552	2,110,630	3,319,512
Operation of non-instructional services	1,736,793	1,654,683	1,673,855	1,876,773	1,801,911
Interest on long-term debt	337,646	377,530	413,437	586,052	533,750
Total expenses	29,047,059	25,702,633	26,126,292	27,944,421	30,300,002
Program Revenues					
Charges for services:					
Instruction	367,929	268,777	25,263	34,872	29,363
Operation of non-instructional services	231,444	461,084	470,397	491,373	473,296
Other activities	16,004	52,219	13,923	169,436	107,452
Operating grants and contributions	5,307,680	4,514,364	4,458,640	3,512,962	3,660,091
Capital grants and contributions	1,067,053	362,734	224,253	125,593	138,459
Total program revenues	6,990,110	5,659,178	5,192,476	4,334,236	4,408,661
Net (Expense)/Revenue	\$ (22,056,949)	\$ (20,043,455)	\$ (20,933,816)	\$ (23,610,185)	\$ (25,891,341)

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses					
Instruction	\$ 14,412,039	\$ 13,389,876	\$ 11,888,948	\$ 11,054,619	\$ 9,640,732
Support services - students and staff	2,288,847	2,271,436	2,009,695	1,790,159	1,164,448
Support services - administration	2,274,103	2,120,317	1,894,359	1,877,227	1,500,213
Operation and maintenance of plant services	2,206,998	1,942,231	1,637,921	1,965,543	1,409,750
Student transportation services	1,944,079	1,642,113	1,443,455	1,339,002	1,144,895
Operation of non-instructional services	1,496,647	1,453,162	1,502,113	1,249,295	1,162,040
Interest on long-term debt	322,573	341,482	424,276	517,914	743,962
Total expenses	<u>24,945,286</u>	<u>23,160,617</u>	<u>20,800,767</u>	<u>19,793,759</u>	<u>16,766,040</u>
Program Revenues					
Charges for services:					
Instruction	123,961	63,278	144,984	43,941	128,978
Operation of non-instructional services	471,416	391,879	399,684	326,880	255,713
Other activities	45,303	78,234	55,071	37,347	22,140
Operating grants and contributions	3,094,764	3,624,484	3,278,023	2,614,107	2,199,847
Capital grants and contributions	429,290	612,026	122,406	296,626	48,783
Total program revenues	<u>4,164,734</u>	<u>4,769,901</u>	<u>4,000,168</u>	<u>3,318,901</u>	<u>2,655,461</u>
Net (Expense)/Revenue	<u>\$ (20,780,552)</u>	<u>\$ (18,390,716)</u>	<u>\$ (16,800,599)</u>	<u>\$ (16,474,858)</u>	<u>\$ (14,110,579)</u>

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

(Concluded)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net (Expense)/Revenue	\$ (22,056,949)	\$ (20,043,455)	\$ (20,933,816)	\$ (23,610,185)	\$ (25,891,341)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	8,879,329	9,022,918	8,349,537	6,288,353	5,223,908
Property taxes, levied for debt service	119,986	1,168,528	1,491,052	2,620,766	2,687,416
Property taxes, levied for capital outlay	1,424,785	418,924	575,920	365,547	96,828
Investment income	114,057	68,988	182,265	324,510	214,073
Unrestricted county aid	471,669	425,737	375,955		228,489
Unrestricted state aid	11,921,045	13,619,103	13,877,937	17,918,175	23,088,581
Unrestricted federal aid	106,488	160,515	1,916,552		
Total general revenues	23,037,359	24,884,713	26,769,218	27,517,351	31,539,295
Changes in Net Assets	\$ 980,410	\$ 4,841,258	\$ 5,835,402	\$ 3,907,166	\$ 5,647,954

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (Expense)/Revenue	\$ (20,780,552)	\$ (18,390,716)	\$ (16,800,599)	\$ (16,474,858)	\$ (14,110,579)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	3,914,635	3,781,704	3,415,662	3,022,404	3,498,047
Property taxes, levied for debt service	1,934,917	1,794,019	2,130,321	1,172,798	2,484,854
Property taxes, levied for capital outlay	344,700	405,402	482,880	1,453,824	170,320
Investment income	187,765	125,603	66,642	76,954	(36,443)
Unrestricted county aid	17,055	360,556	280,633	268,914	261,072
Unrestricted state aid	16,913,346	14,475,864	12,849,269	18,333,575	16,987,953
Unrestricted federal aid					
Total general revenues	<u>23,312,418</u>	<u>20,943,148</u>	<u>19,225,407</u>	<u>24,328,469</u>	<u>23,365,803</u>
Changes in Net Assets	<u>\$ 2,531,866</u>	<u>\$ 2,552,432</u>	<u>\$ 2,424,808</u>	<u>\$ 7,853,611</u>	<u>\$ 9,255,224</u>

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

- Notes:** 1) The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.
2) In fiscal year 2003, investment income included an investment loss due to a loss suffered in the participation of the Local Government Investment Pool.
3) In fiscal years 2010 and 2011, the District received unrestricted federal aid as a result of the American Recovery and Reinvestment Act of 2009.

(Concluded)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$ 171,401	\$ 60,661	\$	\$	\$
Restricted					
Committed					
Assigned					
Unassigned	15,717,044	13,057,837			
Reserved			321,281	52,419	280,820
Unreserved			7,779,795	2,720,366	2,324,347
Total General Fund	<u>\$ 15,888,445</u>	<u>\$ 13,118,498</u>	<u>\$ 8,101,076</u>	<u>\$ 2,772,785</u>	<u>\$ 2,605,167</u>
All Other Governmental Funds:					
Nonspendable	\$ 16,752	\$ 64,045	\$	\$	\$
Restricted	6,866,541	7,421,785			
Committed					
Assigned					
Unassigned	(6,663)	(72,611)			
Reserved			76,088	26,329	30,643
Unreserved, reported in:					
Special revenue funds			2,242,921	1,854,226	1,762,391
Capital projects funds			5,077,723	6,357,203	9,021,706
Debt service fund			1,829,177	1,629,059	1,072,490
Total all other governmental funds	<u>\$ 6,876,630</u>	<u>\$ 7,413,219</u>	<u>\$ 9,225,909</u>	<u>\$ 9,866,817</u>	<u>\$ 11,887,230</u>

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:					
Reserved	89,609	\$ 56,114	\$ 65,542	\$ 66,582	\$ 37,648
Unreserved	3,946,600	3,468,738	1,696,070	1,145,095	1,416,158
Total General Fund	<u>\$ 4,036,209</u>	<u>\$ 3,524,852</u>	<u>\$ 1,761,612</u>	<u>\$ 1,211,677</u>	<u>\$ 1,453,806</u>
All Other Governmental Funds:					
Reserved	\$ 48,188	\$ 29,127	\$ 12,993	\$ 13,171	\$ 28,086
Unreserved, reported in:					
Special revenue funds	1,314,699	1,187,634	1,333,791	848,317	530,400
Capital projects funds	7,552,839	650,609	856,396	652,769	1,284,839
Debt service fund	652,167	657,319	480,171	378,296	850,474
Total all other governmental funds	<u>\$ 9,567,893</u>	<u>\$ 2,524,689</u>	<u>\$ 2,683,351</u>	<u>\$ 1,892,553</u>	<u>\$ 2,693,799</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

(Concluded)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Federal sources:					
Federal grants	\$ 4,318,075	\$ 2,747,500	\$ 3,096,194	\$ 1,900,165	\$ 1,861,668
State Fiscal Stabilization (ARRA)		160,515	1,916,552		
Education Jobs	305,747	357,111			
National School Lunch Program	1,412,604	1,407,813	1,330,166	1,287,170	1,240,038
Total federal sources	<u>6,036,426</u>	<u>4,672,939</u>	<u>6,342,912</u>	<u>3,187,335</u>	<u>3,101,706</u>
State sources:					
State equalization assistance	10,779,974	12,664,698	12,908,761	14,872,746	16,302,785
State grants	194,617	153,469	95,653	259,947	220,108
School Facilities Board		103,893		2,560,561	4,242,060
Other revenues	1,214,328	919,570	893,819	1,274,943	1,849,961
Total state sources	<u>12,188,919</u>	<u>13,841,630</u>	<u>13,898,233</u>	<u>18,968,197</u>	<u>22,614,914</u>
Local sources:					
Property taxes	10,358,809	10,575,574	10,124,189	9,130,029	7,714,965
County aid	471,669	425,737	375,955		228,489
Food service sales	231,444	338,848	374,455	405,072	393,611
Investment income	114,057	68,988	182,265	324,510	214,073
Other revenues	586,704	654,437	296,008	632,853	661,553
Total local sources	<u>11,762,683</u>	<u>12,063,584</u>	<u>11,352,872</u>	<u>10,492,464</u>	<u>9,212,691</u>
Total revenues	<u>\$ 29,988,028</u>	<u>\$ 30,578,153</u>	<u>\$ 31,594,017</u>	<u>\$ 32,647,996</u>	<u>\$ 34,929,311</u>

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Federal sources:					
Federal grants	\$ 2,246,084	\$ 2,489,871	\$ 2,097,021	\$ 1,982,738	\$ 1,259,993
State Fiscal Stabilization (ARRA) Education Jobs National School Lunch Program	1,087,135	1,108,174	1,156,193	840,005	886,488
Total federal sources	<u>3,333,219</u>	<u>3,598,045</u>	<u>3,253,214</u>	<u>2,822,743</u>	<u>2,146,481</u>
State sources:					
State equalization assistance	14,792,033	12,923,163	11,394,357	9,621,741	8,787,863
State grants	302,887	188,344	160,607	90,099	104,693
School Facilities Board	533,196	171,823	985,273	7,410,221	7,447,999
Other revenues	1,491,625	1,380,878	1,080,117	732,992	755,879
Total state sources	<u>17,119,741</u>	<u>14,664,208</u>	<u>13,620,354</u>	<u>17,855,053</u>	<u>17,096,434</u>
Local sources:					
Property taxes	6,680,663	6,698,655	5,864,642	5,763,523	5,892,764
County aid	17,055	360,556	280,633	268,914	261,072
Food service sales	391,382	313,155	287,519	238,701	197,539
Investment income	187,765	125,603	66,642	76,954	(35,894)
Other revenues	249,299	220,236	587,120	169,467	218,911
Total local sources	<u>7,526,164</u>	<u>7,718,205</u>	<u>7,086,556</u>	<u>6,517,559</u>	<u>6,534,392</u>
Total revenues	<u>\$ 27,979,124</u>	<u>\$ 25,980,458</u>	<u>\$ 23,960,124</u>	<u>\$ 27,195,355</u>	<u>\$ 25,777,307</u>

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

- Notes:**
- 1) In fiscal year 2003, investment income included an investment loss due to a loss suffered in the participation of the Local Government Investment Pool.
 - 2) The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.
 - 3) In fiscal year 2010 and 2011, the District received unrestricted federal aid as a result of the American Recovery and Reinvestment Act of 2009.

(Concluded)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenditures:					
Current -					
Instruction	\$ 12,911,651	\$ 13,107,676	\$ 11,905,545	\$ 13,391,074	\$ 14,612,065
Support services - students and staff	3,589,359	3,452,956	3,060,925	3,125,534	2,720,342
Support services - administration	2,065,800	2,004,249	1,932,452	2,152,038	2,442,913
Operation and maintenance of plant services	2,697,398	2,349,179	2,622,684	2,171,718	2,726,435
Student transportation services	1,708,131	1,717,676	1,527,010	1,674,368	1,940,452
Operation of non-instructional services	1,656,754	1,667,069	1,663,279	1,801,249	1,653,555
Capital outlay	1,809,302	1,391,765	3,041,607	7,337,114	9,942,456
Debt service -					
Claims and judgments				54,333	
Interest and fiscal charges	337,646	377,530	413,437	523,326	453,666
Principal retirement	1,011,844	1,062,890	1,104,937	2,049,197	1,989,198
Bond issuance costs					115,494
Total expenditures	\$ 27,787,885	\$ 27,130,990	\$ 27,271,876	\$ 34,279,951	\$ 38,596,576
Expenditures for capitalized assets	\$ 470,570	\$ 1,316,634	\$ 1,726,780	\$ 6,488,804	\$ 7,743,065
Debt service as a percentage of noncapital expenditures	5%	6%	6%	9%	8%

(Continued)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenditures:					
Current -					
Instruction	\$ 12,325,138	\$ 11,483,556	\$ 10,586,680	\$ 8,510,055	\$ 8,185,996
Support services - students and staff	2,034,691	2,145,078	1,980,192	1,714,104	1,111,291
Support services - administration	2,117,122	2,180,502	1,848,489	1,825,048	1,451,654
Operation and maintenance of plant services	2,101,440	1,882,432	1,551,580	1,901,281	1,323,307
Student transportation services	1,596,924	1,227,142	1,214,735	1,075,159	978,391
Operation of non-instructional services	1,495,540	1,439,541	1,469,030	1,180,135	1,142,469
Capital outlay	2,929,914	2,032,087	1,950,868	9,700,139	8,854,495
Debt service -					
Claims and judgments					
Interest and fiscal charges	252,389	277,798	360,592	454,230	1,040,765
Principal retirement	1,898,642	1,767,927	1,656,007	1,892,598	917,076
Bond issuance costs	118,800				126,990
Total expenditures	<u>\$ 26,870,600</u>	<u>\$ 24,436,063</u>	<u>\$ 22,618,173</u>	<u>\$ 28,252,749</u>	<u>\$ 25,132,434</u>
Expenditures for capitalized assets	\$ 1,533,679	\$ 622,559	\$ 1,732,314	\$ 7,599,420	\$ 7,793,409
Debt service as a percentage of noncapital expenditures	9%	9%	10%	11%	11%

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ 2,200,143	\$ 3,447,163	\$ 4,322,141	\$ (1,631,955)	\$ (3,667,265)
Other financing sources (uses):					
Issuance of school improvement bonds					4,250,000
Refunding bonds issued					
Premium on sale of bonds					131,894
Capital lease agreements			46,621	11,875	
Transfers in	150,668	54,658	257,634	207,068	75,119
Transfers out	(150,668)	(54,658)	(257,634)	(207,068)	(75,119)
Payment to refunded bond escrow agent					
Total other financing sources (uses)			46,621	11,875	4,381,894
Changes in fund balances	<u>\$ 2,200,143</u>	<u>\$ 3,447,163</u>	<u>\$ 4,368,762</u>	<u>\$ (1,620,080)</u>	<u>\$ 714,629</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Excess (deficiency) of revenues over expenditures	\$ 1,108,524	\$ 1,544,395	\$ 1,341,951	\$ (1,057,394)	\$ 644,873
Other financing sources (uses):					
Issuance of school improvement bonds	5,750,000				
Refunding bonds issued					9,218,946
Premium on sale of bonds	112,300				235,804
Capital lease agreements	530,341	53,477			404,535
Transfers in		36,055			
Transfers out		(36,055)			
Payment to refunded bond escrow agent					(9,327,760)
Total other financing sources (uses)	6,392,641	53,477			531,525
Changes in fund balances	<u>\$ 7,501,165</u>	<u>\$ 1,597,872</u>	<u>\$ 1,341,951</u>	<u>\$ (1,057,394)</u>	<u>\$ 1,176,398</u>

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

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Valuation	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value
	Residential Property	Commercial Property						
2012	\$ 99,948,202	\$ 80,381,877	\$ 14,918,878	\$ 10,597,612	\$ 184,651,345	6.76	\$ 1,546,864,985	11.94 %
2011	118,276,465	89,826,418	12,327,546	9,719,057	210,711,372	6.76	1,759,527,826	11.98
2010	120,001,485	91,762,089	12,766,213	9,004,128	215,525,659	6.76	1,781,578,529	12.10
2009					189,399,938	6.57	1,565,005,637	12.10
2008					146,339,924	6.80	1,185,103,422	12.35
2007					119,460,707	6.58	942,940,070	12.67
2006					106,971,812	6.64	839,093,975	12.75
2005					98,163,591	6.76	767,888,575	12.78
2004					93,997,901	7.17	725,704,535	12.95
2003					89,278,332	7.58	684,805,586	13.04

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.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	<u>Overlapping Rates</u>								<u>District Direct Rates</u>		
	State	County	County	Flood	Community	Fire	Tubac	Rio Rico	Primary	Secondary	Total
	<u>Equalization</u>	<u>County</u>	<u>Equalization</u>	<u>Control</u>	<u>College</u>	<u>District</u>	<u>F.D.</u>	<u>F.D.</u>			
2012	0.43	2.82	0.00	0.56	0.07	0.10	3.21	3.33	5.57	1.19	6.76
2011	0.36	2.82	0.00	0.56	0.07	0.10	3.14	3.00	5.66	1.10	6.76
2010		2.90	0.00	0.58		0.10	3.37	3.00	5.69	1.07	6.76
2009		3.01	0.00	0.60		0.10	2.63	2.74	5.02	1.55	6.57
2008		3.18	0.00	0.61		0.10	2.64	2.75	4.94	1.86	6.80
2007		3.30	0.44	0.61		0.10	2.64	2.75	5.02	1.56	6.58
2006		3.35	0.44	0.61		0.10	2.64	2.79	4.90	1.74	6.64
2005		3.66	0.46	0.61		0.10	2.63	2.78	4.80	1.96	6.76
2004		3.66	0.47	0.61		0.10	2.62	2.77	5.19	1.98	7.17
2003		3.66	0.49	0.61		0.10	2.61	2.26	4.99	2.59	7.58

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

Taxpayer	2012		2003	
	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation
Tubac Management Co. LLC	\$ 1,859,196	1.01 %	\$	%
Rio Rico Utilities Inc.	1,591,398	0.86	973,134	1.09
Rio Rico Properties	1,215,178	0.66	1,660,577	1.86
Vatere LLC	1,037,604	0.56	1,303,464	1.46
Moroleon Inc., an Arizona Corporation	862,446	0.47	660,660	0.74
Passaic Investment LLC	645,325	0.35		
H/7 Corporation	285,029	0.15		
Unisource Energy Corporation			2,356,948	2.64
Qwest Communications			1,240,969	1.39
Union Pacific Railroad			848,144	0.95
Avatar Properties Inc.			651,732	0.73
Tubac Ranch Properties			553,526	0.62
Produce Exchange Inc.			446,392	0.50
Total	<u>\$ 7,496,176</u>	<u>4.06 %</u>	<u>\$ 10,695,545</u>	<u>11.98 %</u>

Source: The source of this information is the Santa Cruz County Assessor's records.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
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
2012	\$ 10,731,923	\$ 9,563,796	89.12 %	\$	\$ 9,563,796	89.12 %
2011	10,962,417	9,804,624	89.44	447,178	10,251,802	93.52
2010	10,588,576	9,457,465	89.32	1,096,496	10,553,961	99.67
2009	9,818,200	8,480,670	86.38	1,328,986	9,809,656	99.91
2008	9,069,450	8,405,813	92.68	661,654	9,067,467	99.98
2007	7,513,069	6,932,760	92.28	580,309	7,513,069	100.00
2006	7,018,115	5,264,318	75.01	1,753,797	7,018,115	100.00
2005	6,519,998	5,732,751	87.93	787,247	6,519,998	100.00
2004	6,615,521	5,677,617	85.82	937,904	6,615,521	100.00
2003	6,631,494	5,492,104	82.82	1,139,390	6,631,494	100.00

Source: The source of this information is the Santa Cruz 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.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
2012	\$ 7,975,000	\$ 584,595	\$ 7,390,405	0.48 %	\$ 351	\$ 114,436	\$ 7,504,841	0.49 %	\$ 356	N/A %	
2011	8,970,000	1,774,368	7,195,632	0.41	486	171,280	7,366,912	0.42	498	0.62	
2010	10,000,000	1,829,177	8,170,823	0.46	545	239,170	8,409,993	0.47	561	0.74	
2009	11,885,000	1,629,177	10,255,823	0.66	423	267,486	10,523,309	0.67	434	0.92	
2008	13,700,000	1,072,490	12,627,510	1.07	705	419,808	13,047,318	1.10	729	1.29	
2007	11,190,000	652,167	10,537,833	1.12	843	594,006	11,131,839	1.18	891	1.19	
2006	7,120,000	657,139	6,462,861	0.77	399	222,307	6,685,168	0.80	413	0.80	
2005	8,730,000		8,730,000	1.14	672	256,757	8,986,757	1.17	691	1.15	
2004	9,924,362		9,924,362	1.37	651	337,764	10,262,126	1.41	673	1.41	
2003	11,730,749		11,730,749	1.71	938	371,416	12,102,165	1.77	968	1.78	

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

Note: N/A indicates that the information is not available.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Rio Rico Fire District	\$ 3,670,000	100.00 %	\$ 3,670,000
Direct: Santa Cruz Valley Unified School District No. 35			<u>7,390,405</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,060,405</u></u>

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) 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.
2) Outstanding debt as of June 30, 2011 is presented for the overlapping governments as this is the most recent available information.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2012:

Secondary assessed valuation	\$ 184,651,345
Debt limit (10% of assessed value)	18,465,135
Debt applicable to limit	<u>7,390,405</u>
Legal debt margin	<u>\$ 11,074,730</u>

Total Legal Debt Margin Calculation for Fiscal Year 2012:

Secondary assessed valuation	\$ 184,651,345
Debt limit (30% of assessed value)	55,395,404
Debt applicable to limit	<u>7,390,405</u>
Legal debt margin	<u>\$ 48,004,999</u>

Fiscal Year Ended June 30

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Debt limit	\$ 55,395,404	\$ 63,213,412	\$ 64,657,698	\$ 56,819,981	\$ 43,901,977
Total net debt applicable to limit	<u>7,390,405</u>	<u>7,195,632</u>	<u>8,170,823</u>	<u>10,255,823</u>	<u>12,627,510</u>
Legal debt margin	<u>\$ 48,004,999</u>	<u>\$ 56,017,780</u>	<u>\$ 56,486,875</u>	<u>\$ 46,564,158</u>	<u>\$ 31,274,467</u>
Total net debt applicable to the limit as a percentage of debt limit	13%	11%	13%	18%	29%

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt limit	\$ 35,838,212	\$ 32,091,544	\$ 29,449,077	\$ 28,199,370	\$ 26,783,500
Total net debt applicable to limit	<u>10,537,833</u>	<u>6,462,861</u>	<u>8,730,000</u>	<u>9,924,362</u>	<u>11,730,749</u>
Legal debt margin	<u>\$ 25,300,379</u>	<u>\$ 25,628,683</u>	<u>\$ 20,719,077</u>	<u>\$ 18,275,008</u>	<u>\$ 15,052,751</u>
Total net debt applicable to the limit as a percentage of debt limit	29%	20%	30%	35%	44%

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

Notes: 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.

2) Bond premium is not subject to the statutory debt limit.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
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>
2011	48,088	\$ N/A	\$ N/A	17.1 %	21,063
2010	47,420	1,189,267	25,056	16.3	14,800
2009	47,900	1,137,493	25,987	14.6	15,000
2008	47,471	1,141,556	26,466	9.9	24,235
2007	46,907	1,008,541	23,744	7.3	17,900
2006	45,245	939,156	22,326	7.7	12,500
2005	44,055	838,841	19,967	9.0	16,200
2004	42,410	779,232	19,110	9.7	13,000
2003	40,800	729,208	18,190	9.8	15,250
2002	29,840	678,762	17,139	10.3	12,500

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 from 2002 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For the year 2011 the source of the information is the Arizona Office of Employment and Population Statistics.

Note: N/A indicates that the information is not available.

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Private	9,150	19.05 %	8,923	22.05 %
Goods Producing	650	1.35	1,352	3.34
Government	4,025	8.38	3,244	8.02
Private Service Providing	8,500	17.70	3,971	9.81
Nonfarm	13,175	27.43	12,167	30.06
Service-providing	12,525	26.08	10,815	26.72
Total	<u>48,025</u>	<u>99.99 %</u>	<u>40,472</u>	<u>100.00 %</u>
 Total employment	 <u>48,025</u>		 <u>40,472</u>	

Source: The source of this information is the Department of Economic Security (www.workforce.az.gov).

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Supervisory					
Consultants/supervisors of instruction	4	3	4	4	4
Principals	6	6	6	6	5
Assistant principals	2	2	2	2	3
Total supervisory	<u>12</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>
Instruction					
Teachers	194	183	201	214	200
Other professionals (instructional)	5	4	3	2	2
Aides	60	62	64	41	47
Total instruction	<u>259</u>	<u>249</u>	<u>268</u>	<u>257</u>	<u>249</u>
Student Services					
Certified	24	21	18	19	16
Classified	39	37	45	33	33
Total student services	<u>63</u>	<u>58</u>	<u>63</u>	<u>52</u>	<u>49</u>
Support and Administration					
Administrators and supervisory staff	5	5	6	6	6
Support staff	82	101	98	105	104
Total support and administration	<u>87</u>	<u>106</u>	<u>104</u>	<u>111</u>	<u>110</u>
Total	<u><u>421</u></u>	<u><u>424</u></u>	<u><u>447</u></u>	<u><u>432</u></u>	<u><u>420</u></u>

(Continued)

**SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
 FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Supervisory					
Consultants/supervisors of instruction	4	5	5	5	3
Principals	5	5	5	5	4
Assistant principals	2	2	2	2	2
Total supervisory	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>9</u>
Instruction					
Teachers	183	180	179	168	152
Other professionals (instructional)	2	2	2	2	2
Aides	37	46	49	45	35
Total instruction	<u>222</u>	<u>228</u>	<u>230</u>	<u>215</u>	<u>189</u>
Student Services					
Certified	9	10	10	10	10
Classified	36	14	13	11	10
Total student services	<u>45</u>	<u>24</u>	<u>23</u>	<u>21</u>	<u>20</u>
Support and Administration					
Administrators and supervisory staff	7	7	7	6	5
Support staff	96	97	93	106	92
Total support and administration	<u>103</u>	<u>104</u>	<u>100</u>	<u>112</u>	<u>97</u>
Total	<u><u>381</u></u>	<u><u>368</u></u>	<u><u>365</u></u>	<u><u>360</u></u>	<u><u>315</u></u>

Source: The source of this information is District personnel records.

(Concluded)

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2012	3,245	\$ 24,629,093	\$ 7,590	5.11 %	\$ 29,047,059	\$ 8,951	17.19 %	259	12.5	77 %
2011	3,365	24,298,805	7,221	7.91	25,702,633	7,638	(0.77)	249	13.5	77
2010	3,394	22,711,895	6,692	(2.47)	26,126,292	7,698	(2.37)	268	12.7	77
2009	3,544	24,315,981	6,861	(5.40)	27,944,421	7,885	(6.37)	257	13.8	74
2008	3,598	26,095,762	7,253	16.37	30,300,002	8,421	17.38	249	14.4	73
2007	3,477	21,670,855	6,233	6.36	24,945,286	7,174	7.61	222	15.7	73
2006	3,474	20,358,251	5,860	5.48	23,160,617	6,667	7.60	228	15.2	68
2005	3,357	18,650,706	5,556	(1.99)	20,800,767	6,196	(10.50)	230	14.6	73
2004	2,859	16,205,782	5,668	5.39	19,793,759	6,923	8.97	215	13.3	72
2003	2,639	14,193,108	5,378	3.62	16,766,040	6,353	N/A	189	14.0	57

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 that the information is not available due to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 not being adopted until fiscal year 2003.

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT NO. 35
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Schools</u>										
Elementary										
Buildings	34	34	34	34	33	32	32	32	32	26
Square feet	185,160	185,160	185,160	185,160	175,192	165,419	165,419	165,419	165,419	124,469
Capacity	1,916	1,916	1,916	1,916	1,758	1,628	1,628	1,628	1,628	1,467
Enrollment	1,506	1,506	1,552	1,618	1,715	1,672	1,598	1,529	1,339	1,300
Middle										
Buildings	13	13	13	13	12	12	12	12	12	5
Square feet	126,394	126,394	126,394	126,394	77,336	77,336	77,336	77,336	77,336	56,865
Capacity	871	871	871	871	761	761	761	761	761	604
Enrollment	895	895	886	910	893	879	875	863	791	781
High										
Buildings	18	18	18	18	18	18	18	18	18	13
Square feet	168,660	168,660	168,660	168,660	168,660	168,660	168,660	168,660	168,660	111,795
Capacity	1,660	1,660	1,660	1,660	1,660	1,660	1,660	1,660	1,660	1,056
Enrollment	1,090	1,090	1,132	1,146	1,146	1,059	986	961	836	771
Other										
Buildings	5	5	4	3	3	3	3	3	3	3
Square feet	19,336	19,336	14,336	10,186	10,186	10,186	10,186	10,186	10,186	10,186
Capacity										
Enrollment										
<u>Administrative</u>										
Buildings	3	3	3	2	2	2	2	2	2	2
Square feet	6,473	6,473	6,473	3,873	3,873	3,873	3,873	3,873	3,873	3,873
<u>Transportation</u>										
Garages	2	2	2	1	1	1	1	1	1	1
Buses	44	44	44	48	50	47	47	46	42	39
<u>Athletics</u>										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	5	5	5	5	5	5	5	5	5	3
Playgrounds	3	3	3	3	3	3	3	3	3	2

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

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